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Deterioration of Trade with West Examined

944110404 Moscow NEZAVISIMAYA GAZETA
in Russian 15 Jul 94 p 3

[Article by Professor Ilya Mogilevkin: "In the Face of a Change in Coordinates and Reference Points: Russia May Be Driven Out of the World Markets"]

[Text] Among the recent informative reports, one which attracted special attention in Russia was the news about the worsening of passage conditions for sea-going vessels through the Black Sea straits.

Russia, whose traditional foreign trade freight traffic goes across the Black Sea, is suffering substantially from such changes. However, as important as this event is, which is hampering the passage of Russian ships freight through the Bosphorus and the Dardanelles, by itself, it is merely an episode in the overall process of the deterioration of Russia's access to international shipping routes. At the same time, a number of land routes between Russia and Western countries are becoming more and more unreliable. Moreover, the danger of a weakening of the ties of Russia's European part with the outside world is emerging.

Let us look at the factual material as this process, which is adverse for Russia, specifically proceeds and in which direction Russia will likely look for a way out of the situation which has been created.

The breakup of Soviet territory into sovereign states as a result of the liquidation of the USSR, as well as the changes in Eastern Europe, which are associated with the downfall of the CEMA system and the Warsaw Pact, have created for Russia a completely new transport-route situation. The new situation is characterized by the fact that:

- first, Russia's outlets to the Baltic and Black seas have been reduced to a minimum. Thus, Russia's access to the main sea trade lanes has been hampered;
- second, the terminal main roads of the, until recently, unified (Soviet) system of land routes in Europe and Central Asia have turned out to be in foreign countries: Ukraine, Kazakhstan and others. As a result, a ring ("internal") made up of the former union and now sovereign republics lies between European Russia and the outside world;
- third, along the western periphery of the post-Soviet area, an external ring is forming, made up of countries which are basically trying not only to play the role of a new "sanitary cordon," but also to make this position of theirs a source of political and economic dividends (Poland, Hungary and others);
- fourth, the partially internal and foreign routes which connect Russia with the outside world, particularly in the south and the west, have turned out to be in an area of conflicts (the Transcaucasus, Tajikistan and others) or in areas of instability, both potential and real.

It is important that the created transport-route situation, which is adverse for Russia, is far from normalization and, in many respects, is continuing to deteriorate. This is why, in the long-run, Russia's trade and economic ties with the rest of Europe, as well as with a number of countries of the

other continents, will be facing the threat of destruction. It is also impossible to ignore the strategic military significance of these changes.

Let us try to illustrate the significance and scope of the changes which are occurring.

Around half of Russian exported and imported freight is shipped by sea. The overwhelming portion of this freight traffic goes through the Baltic and, in particular, the Black Sea ports.

The breakup of the USSR was accomplished in such a way that Russia was left with only two (instead of the former seven) large ports on the Baltic Sea—Kaliningrad and St. Petersburg. At the same time, Kaliningrad has been cut off from Russia by Lithuania's territory, while St. Petersburg freezes during the cold part of the year.

On the Black Sea, of the substantial ports, Russia retained only Novorossiysk and Tuapse, the capabilities of both of which are limited. Odessa, Illichevsk and the other ports which always played a big role in the country's maritime trade, remained outside Russia's boundaries. The ports of Reni and Izmail, which previously provided us access to the Danube and, consequently, to an important water route to Central Europe via the Danube—Main—Rhein Canal, have also been lost by Russia.

On the whole, however, Russia needs trans-shipping port capacities of 260 million metric tons, while all its remaining seaports can provide a total of only 60 percent of this amount.

As a result, Russia has been forced to resort to transit shipments via the ports of the Baltic States and Ukraine, which leads to the spending of foreign currency. Thus, for the transit of petroleum products, Russia is paying the Baltic countries \$5 per metric ton, while the Tallinn terminal, which has a monopoly on the trans-shipping of residual fuel oil, has established a generally very high rate—\$16 for each metric ton. In all, of the 35 million metric tons of petroleum products exported by Russia, it has been forced to ship 20 million metric tons via the Baltic States.

The transit cost and the solving of the organizational and other questions associated with it depend on the position of the transit countries themselves. Meanwhile, the Baltic States, for example, are more interested in acting as middlemen between Russia and the West and as an additional intermediate link in the trade itself, rather than purely transit countries which offer only transport services. These are, of course, by far not the one and the same things. At the same time, a middleman who gets as rich as possible on reselling can make foreign trade transactions generally unprofitable for Russian contracting parties. Quite frequently, such intermediary transactions are conducted in the form of contraband. This is precisely how the transactions involving the reselling of Russian ferrous metals, which have become widely known, were carried out. And not just the ones involving them.

It should not be forgotten that the routine transit of freight and the referenced resale transactions are inversely related to one another. A transit country (for example, a Baltic

state), by hampering and raising the cost of transit excessively, thereby forces the Russian firms to resort to the trade intermediation, for example, of Baltic firms. Basically, the transit countries are interested in throwing Russian foreign trade back to the outdated medieval forms.

However, the freedom and commercial accessibility of transit depend not only on these economic or, more precisely, mercenary interests of the transit countries. The good will of the transit countries is necessary. But, is it possible to be confident of this goodwill?

Estonia and Latvia have openly declared their territorial claims against Russia. Lithuania, together with Ukraine, has repeatedly put forward a plan for the establishment along the borders with Russia of a "Baltic-Black Sea Association," the very idea of which belongs to Zbigniew Brzezinski, who continues to oppose improving the West's relations with Russia. Such an "association" (even Belarus was inclined toward it) would isolate Russia from the West even more, not only on the sea routes, but also on the land routes.

However, other "alternatives" also exist. Thus, the "withdrawal" of the Soviet Union from the countries of Eastern Europe (the Warsaw Pact ceased to exist 3 years ago) did not lead to their independence not only from the East, but also from the West and did not guarantee their non-aligned existence. These countries simply rushed to change the reference points. A trend was noted toward the establishment of a "sanitary cordon" directed against Russia.

Attempts are continuing, for example, to put together a group of countries from Eastern and Central Europe (the "Vyshegrad Group"). Poland, Hungary and other countries of this region are soliciting the most rapid entry into NATO. Meanwhile, the talk is about the countries across whose territory all the main land freight traffic between Russia and Europe travels. Incidentally, trade with the EU [European Union] countries amounts to 40 percent of all of Russia's foreign trade turnover. The significance of the western direction on the whole for Russian foreign economic interests is understandable.

The unreliability of the western directions is associated by no means only with political reasons. Along the entire Warsaw-Brest path, criminal lawlessness reigns. Things have reached the point of practically open levying of tribute from foreign-made cars driving from Germany and other Western countries to Russia. Theft of freight, extortion and armed robbery with respect to motor transport carrying food products and other cargoes have become routine occurrences. All these things taken together are making the transport situation highly unstable.

However, the situation is no better not only in the western direction, but also in other directions. The southern directions—the Caucasus and part of Central Asia have been engulfed by conflicts or, to a lesser extent, are unstable and will, in the near future, hardly be usable for active shipments of foreign trade freight. In any event, the Caucasian and Central Asian directions do not play a paramount role in Russia's transport ties with the outside world.

Russia's opposite, in the geographical sense, borders—the northern ones—in view of the harsh natural conditions and other reasons, cannot compensate Russia for the loss of the transport-route capabilities in the west and the south.

As a result, it is impossible not to see the historic problem which has emerged for Russia with respect to preventing the process of driving it out of the world transport routes and recovering a number of its most important routes. As a consequence, there is emerging a real threat of Russia being "thrown out" of the group of full-fledged participants in international economic relations.

It is quite clear that, in the difficult situation which has arisen, Russia is resorting to various measures of a fleeting nature in order to improve the transport situation, to ease specifically its own dependence on transit, to guard its own relations against foreign dictation and so on. However, the radical geopolitical changes, as we have seen, are such that they have established for Russia very harsh limits on any possible efforts to use the three mentioned directions: in the west, the south and the north.

Nevertheless, the fourth direction—the eastern, or more precisely, the far eastern direction, where Russia has a direct outlet to the expanse of the Pacific Ocean—still remains free.

Through the efforts and troubles of preceding generations, Russia has in the Far East an area of more than 6 million square kilometers running to the Pacific Ocean. The extent of the shoreline of the Sea of Japan belonging to Russia amounts to 3,240 kilometers and that of the Sea of Okhotsk is around 10,000 kilometers. Among the ports which transship foreign trade freight are Vladivostok, Nakhodka, Port Vostochnyy and a number of others. On the coast, there is a large number of splendid inlets suitable for the construction of ports. At the same time, the distances from Russia's Far East ports to many large foreign ones of the Asiatic-Pacific Ocean region are no greater than the distances between European Russia's ports and the Western countries' maritime trade centers.

Russia's use of the far eastern direction in order to eliminate the threat of Russia's transport isolation (and consequently, economic isolation as well) is possible, provided there is a serious revision of the future plans for its own development. At the same time, there arises a number of complicated problems. Among them are the substantial improvement of the routes between the Russian Far East and the rest of the country's regions, the development of a coastal infrastructure in Russia's Far East, first of all in Primorsky Krai, and the modernization and development of the attendant sectors. Also needed is the solving of a whole series of difficult social questions.

The scope of the difficulty in performing this basically historic mission must not be understated. The talk is about a change in the area reference points for the further development of Russia. The Russian Far East, figuratively speaking, should be moved from the deep rear to the advance guard of the future Russia. Russia itself, in the 21st Century, will have "turned its face" toward the Pacific Ocean.

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Will this reorientation be justified economically and politically? Will merely the arguments associated with the deterioration of the transport-route situation in the European part of Russia and around it suffice for this? Actually, there are also other ponderable arguments for adopting such large-scale decisions. Let us name at least two of them.

The first is associated with the very rapid, accelerated economic development of the Asiatic-Pacific Ocean region. As a result, this is precisely the region which is becoming the modern world's leading region and the most promising one for cooperation. In connection with this, Russia's cooperation with this region's countries—Japan, North Korea, South Korea and others—is becoming desirable and also more promising for the future than that with the countries of Europe. By expanding its ties with the countries of the Asiatic-Pacific Ocean region, Russia is thereby "joining" in its development.

Another argument in favor of a serious reorientation of Russia toward the Far East consists of the fact that these Russian lands, which gravitate toward the Pacific Ocean, are extraordinarily rich in the natural sense, but, at the same time, are sparsely populated (10.5 million persons) and quite inadequately developed. This is precisely why Russia, having now found itself within new borders, should quite naturally try anew, more efficiently, to exploit its own riches, territories and water areas. All this points to the fact that Russia will not be able to avoid a serious re-evaluation of its own attitude toward the far eastern lands and their population, including proceeding on the basis of the interests of the development of this region itself.

On the whole, everything which has been said testifies to the fact that Russia is being confronted by the need to review the area reference points of its own further development. It is highly possible that the time is coming when Russia will begin to make an ever greater turn toward the Pacific Ocean.

Changes in Russia's Attitude to U.S., West Assessed

944K1790A Moscow NEZAVISIMAYA GAZETA
in Russian 9 Jul 94 p 2

[Article by Viktor Kuvaldin: "We and the West: Another Collision? Where We Go Their Way and Where We Do Not?"]

[Text] The signing of the NATO Partnership for Peace program and the Agreement on Partnership and Cooperation with the European Union and the invitation to the next "G-7" meeting in July in a not altogether understandable capacity has again attracted the attention of our public opinion to international affairs. A fundamental problem of the new Russia is behind the political specifics of recent weeks—relations with the West. It would be no exaggeration to say that they are causing growing alarm today. One should not be concerned after communist-fundamentalists or national-patriots express anti-Western positions. But when such respectable authors as Vyacheslav Nikonov and Viktor Kremenyuk (NEZAVISIMAYA GAZETA, 24 May 94) cast doubt on the value of

relations with the leading group of states of the modern world, one hesitates. Of course, these doubts did not come out of nowhere. The expectations of the massive western policy and Russian reforms—a new edition of the Marshal Plan—were replaced by bitter disappointment. Our goods are hardly breaking through into the western markets. Russia is not permitted any farther than the vestibules of European and international organizations. The conscious reluctance to recall the USSR's enormous contribution to the defeat of fascism offends the national dignity.

There are things more drastic. The West, above all the United States, is trying to assume the role of supreme arbitrator of the fates of peoples living in the post-Soviet space. It actively opposes the revival of Russian "imperialism," which is how it sees any strengthening of Moscow's foreign-policy positions. Even the noted rapprochement of former Soviet republics causes increased nervousness.

There are mysterious things that require clarification. It was recently made public how during the August putsch the American special services helped Boris Yeltsin. Apparently, the internal justification for George Bush was the conviction that he was rescuing freedom and democracy in Russia.

Bill Clinton did not have this justification last fall when he supported the obviously anti-constitutional actions of Boris Yeltsin, actions which make the Watergate scandal, which led to the resignation of Richard Nixon and threatened him with imprisonment, seem like a childish prank. It is difficult to assume that at that moment in official Washington they seriously believed in the "red-brown" threat, the danger of the restoration of a communist regime. It is more likely that they were afraid of being deprived of a foothold in the unsteady world of Moscow politics.

All this is true. And it helps to understand why the pro-western mood is fading in Russian society. But it does not give serious politicians and politologists sufficient grounds even indirectly to support an anti-western wave as a means of national consolidation. We will not go far on such a basis.

Above all, it is necessary to assess objectively the West's role in the dramatic upheavals experienced by the country in recent years. It supported the process of progressive transformations begun by Mikhail Gorbachev in the mid-1980's. We encountered understanding, moved from confrontation to cooperation, and received credits for reforms. We had a real opportunity to implement the process of an in-depth transformation of the socialist society with the least costs. We, and not others, are to blame for the fact that we ignored it for the self-seeking interests of the worst part of the Soviet nomenklatura, who spoke using stolen democratic slogans.

Of course, the West did not plan to make us free gifts. It always and in all things directed its efforts toward its own interests. But this is the standard of behavior by which western countries have also guided themselves in relations with each other. Let us recall the fierce trade wars which intensified in the noble family. Friendship is friendship, but our tastes differ. The West is pragmatic; the Russian breadth of temperament is uncharacteristic of the West.

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If the West did not strive to help us in every way during difficult times, it would not have complicated our life. But it had and has opportunities. Today, Russia has been driven to the point where it can be snubbed at every step. But given all the toughness, you would not call the western policy anti-Russian, which is saying quite a bit.

Strictly speaking, it is not so simple to determine what goals the West is pursuing in the eastern direction. It is not uniform internally; each has his own interests; and it is becoming increasingly difficult to coordinate them since the crash of the bipolar world.

Despite the successful conclusion of the cold war, the burden of leadership has almost been too much for the United States. There are more than enough examples of misfires: Somalia, Bosnia, Haiti. Only Russia is missing from this list, particularly on the threshold of the presidential elections. And the very claim to individual leadership in the modern world looks like an anachronism.

Western Europe does not really know what to do with the East. It is obviously too great for a "European Home" and impossible to comment on it point blank. A special system of relations is necessary in which both sides would move toward one another, preserving their own distinctiveness.

Japan, having lost hope for a quick return of the islands, is demonstrating growing aloofness and coldness with respect to Russia. Since it will have to work out a foreign policy corresponding to the status of an economic superpower, Tokyo has more important concerns than trying to understand the Russian chaos. It wants to convert its assets into political might in the most profitable way.

The December elections of last year gave strong impetus to rethink the processes of post-Soviet development and adjustment of foreign policy. They showed the futility of hopes for the rapid westernization of Russia. This was a cold shower for the West, who did not want to notice the many flaws in the policy of the Moscow reformers. It faced a choice: either sharply increase support for reforms or be

prepared to "lose" Russia. It is not so much a question of credits as it is of including Russia in the club of leading powers.

Various political forces of the western world have their own answer to the Russian dilemma. For the time being, there is no reason to talk about a unified eastern policy. The range of possibilities lies between turning Russia into a semi-independent state and the position of a junior partner in the desired "G-7." Such is the foreign policy result of Russia gaining its sovereignty.

Such a prospect will not likely be accepted by the citizens of the former superpower, who do not consider themselves defeated in some war. In order for their nonrecognition of their decline not to take on the form of aggressive nationalism, the Russian leadership needs to structure a balanced policy of relations with the West.

Above all, it is necessary to recognize their strategic importance for accelerated modernization of the country and successful transition to a post-industrial phase of development. We indeed need western experience in all its diversity, above all, so we can remain ourselves.

Such recognition does not mean reliance only on the strong and rich. It is time to put an end to the psychological dependence on the West. It is time to learn to look for new opportunities in the broad expanses of world politics. Paradoxical as this may be, relations with the West will develop all the more successfully the more we are able to diversify our foreign ties. Russian foreign policy must stand on three points—the West, East, and South—not allowing any large distortions in any direction.

In the western world, apparently, development of cooperation with Europe is the most promising—continental, regional, and bilateral cooperation. Whereas Russia is also a Euro-Asian power, historically this is still Asia going into Europe and not the other way round.

Russia's main problems today are creating a civilian society, establishing economic and political democracy, and preventing a nomenklatura-mafia boundlessness. Here we going the way of the West.

Central Asian Summit Results Outlined

944F1004A Moscow NEZAVISIMAYA GAZETA
in Russian 12 Jul 94 p 3

[Article by Sergey Kozlov: "Central Asian Alliance—A Step Toward a Eurasian Alliance? Details of the Meeting of Three Presidents in Almaty"]

[Text] The past meeting of the presidents of Kazakhstan, Kyrgyzstan, and Uzbekistan was viewed by its participants as the beginning of real progress by the partners toward creating not only an economic but also a common political, defense, and cultural space in the region. In Almaty, they managed to reach agreement on mechanisms and structures to coordinate and, what is most interesting, monitor and promote implementation of the understandings achieved. As Nursultan Nazarbayev emphasized, this is the first time since the breakup of the Soviet Union that the executive bodies have appeared to move the Central Asian Alliance closer to the integration model with the Kazakhstan leader constantly talked about during the meetings. It is also interesting that during the first year of existence of the "alliance" bodies, they will be headed only by representatives of Kazakhstan and be located in Almaty.

Joint working groups have also been created at the international level to bring national legislation and normative acts closer together and to work out new coordinated laws.

Of the seven documents signed at the summit, of greatest interest are the agreement on establishment of the Central Asian Bank of Cooperation and Development (with initial capital of \$9 million) and the decision by the heads of state on creation of the Interstate Council and its bodies.

The heads of government signed an agreement on military-technical cooperation and on information support, as well as treaties in the area of economic and social development of the three countries. In addition, a joint statement of the presidents, an appeal to the peoples of the partner-states, and a memorandum on cooperation in the area of migration were signed. The latter concerns primarily the migration processes in the Central Asian region.

"For the first time," Islam Karimov supported his Kazakhstan colleague during the concluding press conference, "bodies are being created which speak for themselves

about our intentions. We are creating such a structure which will ensure close cooperation in all directions. But we do not see any contradictions here with the goals of the CIS."

The President of Uzbekistan dwelled on the question of mutual relations between the leaders of the countries of the region:

"Whereas someone is making insinuations about contradictions between Nazarbayev and Karimov," the Uzbek President said, "I do not see any ground for that here. We all favor integration. Only within the framework of unified structures can we get out of the crisis. The only alternative versions are in the mechanisms of achieving these goals."

However, various approaches were still detected and particularly manifested themselves in the matter of a so-called Eurasian Alliance. Participants in the final press conference at the end of the talks were able to observe a curious scene: When Askar Akayev enthusiastically spoke of Nursultan Nazarbayev's new initiative, Islam Karimov at that moment ironically smiled and shook his head, and after his colleague's speech remarked: "Whereas the President of Kyrgyzstan now fervently supported this idea, I fervently do not support it."

That is when the author of the Eurasian initiative took the floor. "I received responses from three heads of CIS states," the Kazakhstan leader responded, "and none of them fundamentally reject this idea. They merely view individual details and mechanisms for its implementation differently."

Askar Akayev, it seemed, was satisfied with everything, but especially with the fact that they managed to settle the matter with Tashkent on deliveries of Uzbek gas. The Uzbek President assured: "The valve will be open to full capacity." But the partners will still have to settle the debts efficiently.

All three presidents singled out the paragraph in the agreements which declares the openness of the alliance being created (it is hard to call the new association anything else), the sequence of integration actions, and the commonality of goals. In doing so, they made it clear that all that is taking place should represent an obvious contrast to the languid and ineffective vain attempts to create something similar within the framework of the CIS.

ECONOMIC & SOCIAL AFFAIRS

Duma Proposes Two-Level System for RF Central Bank*944F10804 Moscow SEGODNYA in Russian 22 Jul 94 p 1*

[Article by Rustam Narenkulov: "Emission of Credit Generals"]

[Text] All the efforts of Viktor Gerashchenko directed at guarding the Central Bank against "pluralists" [persons holding more than one office] will prove fruitless if, during adoption (in the second reading) of the amendments to the law on the Central Bank, the deputies grant the right of decisive vote to "outside" members of the bank's council of directors. On Wednesday, Mr. Gerashchenko succeeded in discrediting the idea of a two-level system of management of the CB [Central Bank], even though the compromise with the Duma in its present form will not save the bank from turning into an agency of credit democracy.

Evidently, a consequence of the influx into the CB Council of Directors by people having sectorial or some other professional interests will be a many-time increase in the risk of uncontrolled credit emission, and consequently inflation. The "central bankers" will not be able to prove every time to the "pluralists" that the CB has only one task—stability of the national currency, and that the bank does not have the right to solve various economic problems by using its emission capacities.

The appointment of lobbyists who shamelessly seek out money for their sector or region to the positions of leading bank officials—that is still not the worst variant of cadre intervention in the CB. It will become hopeless if people educated in any trade except banking try to manage the Central Bank, all the while fully convinced that they know "how to bring the economy out of crisis." There are more than enough examples in Soviet and Russian history where directors of enterprises ignominiously concluded their careers in the bodies of executive power. Then again, even skills in managing a commercial bank do not guarantee success in work at the CB—the former and latter "banks" are similar only in name.

The persistence with which the deputies are trying to destroy the corporative seclusion of the CB evidently stems from the incomprehensibility and even secrecy of the work of this institution, about which most people know nothing except that "they answer for money there." After all, it has never occurred to any of the members of the Duma to create, say, management councils within the ministries of economics and finance, to whose decisions the collegium and ministers would be subordinate.

At the same time, of all the departments, the Central Bank has probably the simplest and most reliable criterion of work quality—the dynamics of the national currency exchange rate and the rate of inflation. Its seclusion stems from something entirely different—from the commercial character of managing money and the banking system. Any outside intervention in this process will not bring anything but a decline in the degree of responsibility of the CB and its chairman.

Thus, the Central Bank, with all its stipulations, operates according to the principle of a "black box." At its "input" is management known to all, and at its "output" is the stability, or on the contrary, instability of the ruble obvious to all. The measure of responsibility in this model is the retention or loss of their positions by the chairman of the CB and the members of the Council of Directors.

It is curious that the one to speak out as initiator for reorganization of the CB was Boris Fedorov. He is one of the few deputies who have any understanding of the activity of emission banks. The former minister of finance, evidently, has still not given up his ambitious intentions (quite explicable from the standpoint of his political career) of being involved in the management of the national monetary system. Especially since the ex-minister has rich experience in the verbal struggle with the bank's current management.

Commentary on Enterprise Registration Edict*944Q0483A Moscow KOMMERSANT-DAILY in Russian 12 Jul 94 pp 1, 2*

[Article by Yevgeniy Timofeyev: "New Companies Can Do Everything"]

[Text] To register a new enterprise, it is now necessary to invest at once R2-20 million in charter capital. At the same time, the registration should not take more than 3 days—this is ten times faster than previously. Such are the basic innovations in the procedure for the registration of enterprises, introduced by the edict "On the Regularization of the State Registration of Enterprises and Businessmen on the Territory of the Russian Federation"—the central document of the new package of presidential edicts received yesterday for official distribution. What is most curious is the fact that new enterprises do not have to indicate the type of their activity in the statute.

The statute "On the Procedure for State Registration of Subjects of Business Activity," established by the edict, stipulates that from the moment of its official publication the minimum charter capital of new companies must be no less than 100 minimum wages. Today this is R2.05 million.

However, this statute does not extend to enterprises with participation of foreign capital, as well as to joint-stock companies. Upon submission of the documents for registration, the charter capital of such enterprises must amount to no less than 1,000 minimum wages (R20.5 million). Thus, the president took rather decisive actions aimed at increasing the "charter" reliability of enterprises; previously limited liability companies and joint-stock companies of the closed type could register with a charter capital of R10,000, and a joint stock company of the open type—R100,000.

The registration time periods have also been materially changed. The former time period (30 days) has been kept only for those cases, where the documents have been sent by registered mail (previously it was not possible at all to send them by mail). If the documents are presented to the registration organ personally by the founders or by their representatives, the registration must be carried out in

three days. Businessmen without the creation of a legal person are registered now on the day of the submission of documents (if they send them by mail, then in three days from the day of receipt of the mail).

Rather strange is the introduction in the list of papers necessary for registration of documents confirming the payment of no less than 50 percent of the charter capital of the enterprise—to open a bank account prior to registration is rather difficult. Apparently, the practice of the issue of temporary certificates of registration for the opening of an account will be preserved, and the final certificate can be obtained only after payment of 50 percent of the charter capital. The time period for paying the money, most likely, will remain the same as before—30 days.

The most curious thing is the new list of information that must be indicated in the statute of enterprises (companies with foreign capital continue to be guided by the list established by the Law "On Foreign Investments in the RSFSR"). Now it is not necessary to indicate either the subject, the goals, or the types of activity of the enterprise.

Correspondingly, now situations are excluded where companies are accused of conducting activity not in accordance with their statute (limited in this sense are only state and municipal enterprises). The companies existing today will soon also receive complete freedom of action: The draft of the first part of the new Civil Code does not envisage the concept of "type of activity according to statute."

Also remarkable is another detail: If an enterprise is created by a single founder, it is not necessary to present to the registration organ, together with the statute, also the decision on the establishment of the enterprise. The statute approved by the founder is sufficient evidence that the decision concerning the establishment was taken. Unlimited partnerships, it goes without saying, do not represent any statutes. This situation, apparently, extends also to mixed companies—they also act exclusively on the basis of the agreement between the participants.

NOVAYA YEZHEDNEVNAYA GAZETA New Editor Profiled

944F0956A OBSHCAYA GAZETA in Russian
No 27, 8 Jul 94 p 11

[Interview of Vladimir Lepekhin, new editor of NOVAYA YEZHEDNEVNAYA GAZETA, by Anna Politkovskaya: "It Turns Out, There Are Still Cherry Orchards in Russia"; date and place not specified]

[Text] NOVAYA YEZHEDNEVNAYA GAZETA (NEG) has selected a new editor. He is 35-year old Vladimir Lepekhin, a professional political scientist, who was graduated from the Faculty of Philosophy of Moscow State University and worked for a long time in various of its faculties as a teacher of political sociology and the foundations of political management. Simultaneously he is an active member of the editorial boards of two other scientific journals. Stocky, robust, self-disciplined, and businesslike, his workday is scheduled to the limit. He enjoys great authority in the editorial board collective.

[Politkovskaya] How did you find yourself in big-time journalism?

[Lepekhin] A year ago, I was simply invited to join NEG as a political correspondent, but prior to this I had never worked as a permanent staff member in newspapers. For a while I did the political supplement "IQ" to NEG—this is, in essence, prognosis and analytical materials, calculated for a rather narrow circle of people who are professionally occupied with politics. I intend to continue doing this in the future.

[Politkovskaya] How much will the line of the newspaper change in connection with your appearance in the chair of editor-in-chief? Will it become more politicized?

[Lepekhin] The "line" will not change because NEG does not have a political line at all. Every correspondent in our newspaper writes what he wants to write about—when the inspiration comes. The editor on duty, Dmitriy Muratov, is in charge of an issue—the result is one issue, because Muratov has Muratov's views. Akram Murtazayev is in charge, the result is another issue, with Murtazayev's views. We regard this as normal. This is the kind of cherry orchard we have here. . . .

[Politkovskaya] How then do you imagine "your" reader?

[Lepekhin] We have yet to discover him, yet to study seriously the problem of distribution. For the time being, everything in our newspaper is spontaneous, but I, for example, know that we have two subscribers in Yakutia.

[Politkovskaya] Does NEG intend to take part in the future election battles?

[Lepekhin] No, and this is a matter of principle. Incidentally, in the elections of the present deputies of the Federal Assembly, very likely, we were the only newspaper that did not print anyone's election propaganda pieces. We wrote ourselves, what we thought and wanted to write about. That is our idea of an independent press.

[Politkovskaya] NEG is known by the fact that there is practically no advertising in its pages. Who keeps you afloat?

[Lepekhin] Those who finance us for the time being like our style. What will be further, I do not know.

[Politkovskaya] How do you today assess the "IQ" [supplement] of NEG?

[Lepekhin] Average. We are in for organizational changes.

Dossier

Vladimir Anatolyevich Lepekhin was born in Magnitogorsk, is married to a teacher at MGU [Moscow State University], the father of two children. Deputy of the State Duma, deputy chairman of the Committee for Public Organizations, member of the PRES [Party of Russian Unity and Accord] parliamentary group. Opponent of the extension of deputy powers.

NOVAYA YEZHEDNEVNAYA GAZETA has appeared since 1 April 1993. It is published by the consortium "Novaya gazeta-Novyy dom". Members of the public

council are Mikhail Gorbachev, Grigoriy Yavlinskiy, Yevgeniy Saburov, and Lev Vaynberg. Established by a group of journalists of KOMSOMOLSKAYA PRAVDA, which left there for ideological reasons. The founder of NEG is the society of journalists "6-y etazh" [sixth floor] (on the sixth floor of the publishing complex "Pravda" in Moscow: the editorial board of KOMSOMOLSKAYA PRAVDA is holding forth. Now about 100 journalists are working in NEG. It appears five times a week. It is printed in Moscow, Chelyabinsk, and Rostov-on-Don. The circulation is 70,000 copies. There are 16,000 subscribers, the greater part of them lives in Moscow.

Draft Law on Support for Mass Media Critiqued

944F0956B Moscow OBSHCAYA GAZETA in Russian
No 27, 8 Jul 94 p 11

[Article by Maryana Panyarskaya, member of the Legal Office for Information Disputes under the president, elaborator of the Statute on Information Guarantees of Election Propaganda, lawyer in the sphere of the mass media: "Craftiness at Any Price: The New Draft Law on Mass Media Is Incorrect"]

[Text] At the end of June, the draft of a federal law "On State Support of the Mass Media of the Russian Federation" was published, which was worked out by the State Duma Committee on Information Policy and Communications. OBSHCAYA GAZETA (No 26) already wrote about some oddities of its content, based on attempts of the deputy corps for the umpteenth time to obtain power over the press in our country. Today the discussion of the draft law is continued by Maryana Panyarskaya, a member of the Legal Office for Information Disputes under the president, the elaborator of the Statute on Information Guarantees of Election Propaganda, a lawyer in the sphere of the mass media.

Today, in my view, the press is in need of state support. This pertains, above all, not the capital, but the local publications, many of which are having a rough time. Discussions about such a law have been going on for a long time. However, the document that was submitted at last is somewhat puzzling.

It is impossible to understand, what kind of an organization is this whose creation in Russia is being proposed and which is to be called the "National Fund for the Development of the Mass Media?" What is its organizational-legal nature? It is important to determine all of this precisely and clearly: The goals, tasks, and the principles of formation and operation. None the less because it is now written in the draft, the NF (National Fund) is some kind of monster, a big monopolist assuming the functions of state direction of the press, which simultaneously has the traits of a federal extra-budgetary fund and a banking institution.

Moreover, having obtained the controlling parcels of shares of the leading printing enterprises, federal television and radio companies, and radio broadcasting centers, as the articles of the draft require, the National Fund becomes a still bigger owner in the sphere of the mass media in our country, with which one can simply not agree. It is not at all clear why Russia, generally speaking,

needs the formation of still another organ attached to the mass media if, even as it is, there is an appropriate agency—the Ministry of Press [and Mass Information], whose functions will duplicate the National Fund.

Many formulations are obviously crafty and incorrect. For example, "the state mass media are handed over into the DIRECTION of the Fund. . . ." It is impossible to understand, how does the very term "direction", as applied to the press, correspond to the Constitution now in effect and to the Law "On the Mass Media?" The mass media can be directed only by the editorial boards and their founders, moreover, only within the limits established by the statutes of the editorial boards themselves, and in no other way. Does this mean that the National Fund automatically acquires the rights of the founder of all "state mass media?" If precisely this is meant in the article of the draft, then the formulation of the question is completely incorrect. Russia is in acute need of further demonopolization and denationalization of the mass media, and not the other way around, for which the whole preceding experience is the proof.

The impression is being created that some key formulations of the draft were wittingly watered down. Was this not done deliberately? Are there not dangers here of creating the kind of economic mechanisms of influence on the mass media that have the goal of ascertaining their political loyalty? It is impossible to understand, what, generally speaking, is such a "state order" as applied to the mass media? The publication of the official acts of the state authorities? However, in this respect there are already special legislative acts, there is appropriate budgetary financing. . . .

The draft abounds in legal inaccuracies. In Art. 8 it is stated: "Into federal ownership, with the transfer to federal direction of the National Fund, are preserved. . . ." What direction is meant here? Operational? Or is the question the transfer of these mass media into complete economic control? In the articles there is constantly confusion between two concepts that figure: "All-Russian mass media" (Art. 8) and "state mass media" (Art. 14). According to what principle should they be divided? By sources of financing? In Art. 11, for example, the term "state ownership" in place of "federal ownership" appears. Deliberately? Or an annoying error?

Article 10 looks obviously ridiculous. Here the question is the allocation, by subscription, of the shares of printing enterprises that are transforming themselves into joint stock companies, among journalists of the publications which are constantly published on this printing base. The most unexpected principle of the distribution of shares was selected—by sex indication. A man, in order to become a shareholder, must work in a given publication for at least 10 years (and why not 5, not 8.5?), but a woman (!)—7.5 years (why not 7 or 8?). It is worth while to note that such rules of transformation into a joint stock company, even if we do not pay attention to the "sex indication", are practically unacceptable to the majority of the present-day newspapers. As is well known, few of the colleagues work for a long time in one place—such is the profession and its laws. Collectives of newly-created publications, of which there are a thousand times more than the old ones, remain

in a disadvantageous privatization position. SEGODNYA, NOVAYA YEZHEDNEVNAYA, OBSHCAYA GAZETA, VEK, and hundreds of newspapers that have appeared during the past 2 years in the majority of Russian cities will not count on anything.

Before accepting the draft law, even in first reading, it is worth while for members of the Duma to think about the consequences—the introduction of such a draft law is capable of changing fundamentally the interrelations in the triangle of “society—state—press,” reducing the democratic efforts of many years to nought.

Yeltsin Options in View of Financial Stabilization Examined

944F0978A Moscow NEZAVISIMAYA GAZETA
in Russian 8 Jul 94 pp 1, 3

[Article by Mikhail Delyagin: “The Reformers’ Dream Has Come True: The Economy Has Stabilized. Now the President Has To Decide Whether To Replace the Prime Minister”]

[Text] ALTERNATIVES

Macro-economic stabilization was the chief aim of economic reforms. The main efforts of the reformers were designed to limit the budget deficit, curb inflation and inflationary expectations, and stabilize the currency market. All of these tasks have now been accomplished. The long-awaited economic and political stabilization has been achieved.

Yet it turns out that almost nobody is happy about it. Especially the small and medium bankers. Raising the interest rates, and stopping the uncontrolled and corrupted dispensing of free centralized credit which nurtured Russia’s banking system, has brought it to the brink of crisis: it is estimated that without an inflationary boost to the economy, only one-quarter of Russia’s banks will be viable.

Stabilization is also disadvantageous to the small and medium exporters, because stabilization of the currency market brings domestic prices ever closer to world prices and reduces the effectiveness of exports.

The increasing closeness of Russia’s price structure to world prices, under conditions of the aggravated economy and the backwardness of basic technologies, has worsened the position of a substantial part of the processing industry, and the restrained growth of state spending has brought it to the brink of bankruptcy. This could hardly be pleasing even to pro-market directors, whose enterprises have wound up insolvent.

There’s not much use in speaking of the subsidized sectors’ and territories’ reactions to the policy of financial stabilization, a vital part of which consists of reducing subsidies and assistance. The lobbyists will never forgive Russia’s present leadership for the fact that in discussing the 1994 budget they were forced—for the first time in Russia’s history!—to fight not for increasing the budget deficit and against the weak state but for a piece of the severely limited budget pie and against each other (the agroindustrial complex won a decisive victory over Defense in this fight).

Hence, the number of politicians who are unhappy with the stabilization is approaching critical mass, one capable of suddenly and radically destabilizing things.

Russia’s economy has grown so used to its “inflationary fix” that any attempt to limit inflation induces a structural withdrawal that is quite comparable to narcotics withdrawal. It also induces a desire to return to its favorite narcotic—inflation, which, incidentally, brings less and less relief.

The first attempt to do so was undertaken in the fall of 1993, by the Khasbulatov Supreme Soviet. At that time macro-economic stabilization was just beginning, and the complications connected with it were in the embryonic state. Consequently, the problem could be solved by non-economic means—four tanks and direct CNN broadcasts.

Now the situation is quite different.

The decline in industrial production stabilized at the level of about 28 percent of last year’s, while enterprises’ financial position is steadily worsening (overdue bills have already exceeded funds in current accounts by more than three times); the level of unemployment, including potential and concealed unemployment, in April affected 12 percent of the economically active population; and the percentage of loss-making enterprises rose from 14.7 percent in December 1993 to 32.4 percent in April 1994 (according to the Russian State Statistical Committee). In the context of the stabilization of inflation and the exchange rate of the dollar, these phenomena testify that we have virtually reached a situation where maintaining enterprises that are nonviable but critically vital to political stability is becoming incompatible with the task of keeping inflation within politically acceptable limits.

If that time comes, the most likely turn of events will be that real power will pass to sectorial and regional lobbyists. A resulting return to the practice of uncontrolled dispensing of financial resources will bring it about that prices will rise by 25 to 30 percent per month, and also a repeat, but on a new level, of the situation in the fall of 1992 (high inflation, total lack of confidence in the future, and skyrocketing dollar exchange rates).

Unlike the fall of 1992, however, an inflationary boost will not do much to improve production. The influx of cheap money will channel Russian capital, which is now beginning to be invested timidly in production, into speculative sectors of the economy, which will worsen the investment crisis. As a result, an inevitable structural restructuring will take place through physical destruction of the equipment of nonviable enterprises and sectors, and Russia’s new industrial potential will be shaped basically by foreign capital (because Russian capital will remain primarily speculative, as in 1992).

In a rather short time this will result in:

- 1) the domination of foreign capital rather than Russian capital in Russia, and the loss of economic sovereignty;
- 2) a powerful social shock, primarily in depressed regions, due to the destruction of enterprises;

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- 3) the installation of an authoritarian regime to restrain the social shocks, and restrictions on human rights.

Such a course of events is quite plausible. Right now the lobbyists' murderous designs are being held in check virtually by just one man—Viktor Stepanovich Chernomyrdin. Neither the Economics Minister nor—especially—the Acting Finance Minister, are strong enough on their own to stand up to the mounting pressure of all those who are being deprived of their feed trough by macro-economic stabilization and forced to go to work. The only one who can do that is the Premier, who is now becoming the key figure in all economic policy.

Apparently, the lobbyists realize this.

For several weeks now, commercial structures have been filled with rumors that preparations are being made to remove Chernomyrdin in the Council of Ministers on 14 July. There have been details of the uniting of forces hostile to him, and considering the list of people who are unhappy with the stabilization of the economy that was presented at the beginning of this article, these details seem quite plausible.

So, does that mean that the struggle for Russia's future is useless, and the President cannot withstand the pressure of powerful forces? That he is going to get rid of his most trusted and intelligent ally for failure to "enforce" edicts that have just been signed, for the presence of economic difficulties and all the deadly sins, and thus open the way to unrestrained inflation? That there is no way out and the future still looks bleak?

All of this appears to be lamentations for people with weak nerves.

The first thing that catches our attention is the volume and intensity of the rumors. In all the time the new Russian state has been in existence, there has never been such a massive "leakage of information" from its structures. Moreover, this leakage is intentional, deliberate and purposeful psychological manipulation designed to show the power of the lobbyists; maybe the waverers will join them, maybe Chernomyrdin will falter.

This kind of preventive "shower massage" is a true sign of weakness. There wasn't one when Silayev was replaced. There wasn't one when Gaidar was removed. There wasn't one when—repeatedly—they tried to topple Yeltsin. Now there is one, because the plotters do not sense their strength.

Where might such a strange outlook come from?

At the beginning of this article, you know, we saw that practically all of society is for them.

Don't be hasty, however. Take a closer look.

Not all of the bankers are for them, only the small and medium ones. Not all the exporters either, but only the small and medium ones. Not all the plant directors, but only those directors of nonviable enterprises who lack initiative. Not all regions, but only those living on subsidies.

Stabilization is getting in everyone's way. But it also helps and makes development predictable, making it possible to plan activities and make relatively long-term investments. And stabilization's minuses do not outweigh its pluses for everyone, but only those who are not creating wealth but merely burying it in the ground.

I say this without a trace of condemnation. Those who are to blame for today's crisis are long since dead, and those who are trying to ruin Russia today for the sake of the momentary wellbeing of their enterprise, bank, or region, are, most of them, honest and decent people. They are not to blame for the fact that stabilization and the solution to the crisis are sticking a knife into their heart.

The reason they are weak is that they do not generate the nation's products but merely consume them. And, consequently, they have practically no money. Today's policies, moreover, are made by money—big money. Big money, unlike small and middle-sized money, doesn't want inflation. It wants stability, even at the expense of momentary profit. And money acquires profit, like everything else, by itself, without the help of the state; all it wants from the state is stability. Therefore, money's policy is the policy of stability.

Juridical confirmation of this thesis is the sale of large packages of shares of the Sovzagranbank East-West United Bank and the Russian Federation's Vneshtorgbank to firms of the Gazprom Concern. This transaction, impossible without the approval of the Central Bank's management, provoked more than substantiated assumptions about an alliance between Viktor Gerashchenko and Viktor Chernomyrdin (this was reported more explicitly by KOMMERSANT-WEEKLY No 23, 1994). Naturally, those who oppose the latter, who do not possess substantial financial resources but only political resources, feel uncertain.

They yell about a crisis while realizing very well in their hearts that the inflationary boost which they are advocating would do less than anything to solve the crisis—just as in the case of any extraordinary toughening of financial policies being advocated by the implacable monetarist opposition. Both sides are avoiding the main thing—the task of bringing the economy back to health, in contrast to 1992, is already more insoluble by purely financial methods. Those methods have been exhausted.

What is needed today is to simultaneously hold down inflation and maintain production. The only way to do this is to improve production effectiveness, through intelligent incentives for private investment.

Of course this is harder than to demand money and benefits from the state. But it is the only possible path of development. Whether we will take it, the immediate future will tell.

The President's choice is simple: either knuckle under to the lobbyists, lower the barriers to inflation and plunge the economy into chaos, or to continue on the difficult road to health that has been mapped out by his own edicts.

This choice is a critical one not only for Russia but also for the President. If he capitulates to powerful pressures for the first time in his political career, gives in to the lobbyists

and takes the first path, the economy will begin to crumble, people will lose any faith they had in the future (not that the future would be beautiful but that it would be comprehensible) and in the 1996 elections Chernomyrdin, now transformed into a martyr, will win. Those who have renounced the market and the road to health, sacrificing the wellbeing of their people, will have no chance.

But if the President preserves the balance of forces and takes the path of stimulating effective investment to bring us out of the crisis instead of the dead-end path of boosting state aid and permitting the economy to be wrecked by inflation, he will retain his authority and confirm his skill at strategic vision.

If investment is effectively stimulated, improvements in the economy by the time of the 1996 elections will be so obvious that, other things being equal, the present leadership of Russia will retain power in its hands.

Metallurgical Industry on Verge of Bankruptcy

9441 00471 Moscow TRUD in Russian 13 Jul 94 pp 1, 2

[Interview with Boris Grigoryevich Misnik, chairman of Trade Union of Russian Mining and Metallurgical Workers, by Vitaliy Golovachev, political correspondent; date and place not given: "On the Verge of Bankruptcy: What Does the Future Hold for Tens of Thousands of Metallurgists?"]

[Text] One out of every five workers (310,000 in all) will be laid off by Russian enterprises in ferrous and nonferrous metallurgy in the next five or six years in connection with the elimination of outdated technology and the closure of obsolete combines and plants. There are plans for the establishment of new facilities and the creation of 170,000 jobs, but 140,000 people will still be "left in the lurch".... These figures were taken from the Federal Program for the Development of Russian Metallurgy, which was approved by the government a few months ago.

Metallurgy, one of the basic industries (along with the fuel and energy complex) on which the viability of the economy depends, is now experiencing the same severe crisis as the rest of the national economy: 48 of the 345 enterprises cannot compete in the market and another 19 are on the verge of bankruptcy. What can metallurgists expect in the near future? Which enterprises are destined to be closed? What is the solution? These important questions were the subject of our conversation with Chairman B. Misnik of the Trade Union of Russian Mining and Metallurgical Workers.

[Golovachev] Boris Grigoryevich, why are the lists of our potentially bankrupt enterprises being kept secret? The reasons for secrecy in the former USSR were understandable, but what are the reasons today? Does the government think that everyone will be happy and content if we say nothing about possible bankruptcy?

[Misnik] It bothers me too. Truth makes democracy strong, and any kind of secrecy that is not connected with matters of defense could cause mistrust of the government. Are we keeping this secret from the public, to avoid the "escalation of tension," or from the very workers who might have no way of making a living tomorrow? This is a

big mistake. I think that if a work team were to learn the truth about impending bankruptcy, it could promote the quicker planning of respecialization or the renovation of enterprises, the establishment of shops or sections for the production of consumer goods, the development of more intensive personnel retraining programs, and so forth. We have to urge a vigorous search for a solution by everyone concerned, instead of "obscuring" the facts and, in effect, driving the illness inward.

[Golovachev] Is it that simple to find a solution? What kind of consumer goods, for example, can a metallurgical enterprise produce?

[Misnik] Any kind at all. The Olenegorsk Mining and Concentration Combine in Murmansk Oblast now has a garment factory producing fine sportswear. Furthermore, it has also managed to keep its basic production units in operation. The Severonikel Combine is doing the same kind of thing in a joint venture with Norwegians. Combines in Novolipetsk, Nizhny Tagil, and Novokuznetsk are producing videocassette recorders, television sets, and refrigerators. A shop at the Orel Steel Mill is producing 11 different kinds of vehicle windshields. Meat processing has even been organized at the combine in Cherepovets....

In short, many of the enterprises that seized the initiative instead of wasting time have managed to improve their situation to some extent. It is extremely important to hold out until all of the fundamental plans for the respecialization of unprofitable enterprises have been carried out.

[Golovachev] A deputy minister recently assured me that the lists of potentially bankrupt enterprises had to be kept secret to give them a chance to "get back on their feet." He implied that if there were an announcement that an enterprise was "doomed," then no one would extend credit to it, deliver equipment to it on credit, or do any business with it at all....

[Misnik] That is a crude line of reasoning. Credit is extended by banks, and they know the financial status of their clients. Furthermore, is this a solution—to keep applying for new loans and buying equipment on credit without planning any definite ways of emerging from the state of crisis? If these plans do exist, borrowing money or buying equipment on credit and paying the interest is not a problem. In the case of the enterprises that would be closed anyway, however, prolonging their agony with new debts is insupportable.

[Golovachev] Are there many metallurgical enterprises that cannot compete?

[Misnik] There were 48 enterprises that could not compete and were operating at a loss on the list compiled at the end of January by experts from the RF Committee on Metallurgy. These enterprises, which produced 10 percent of the whole commercial product, employed 178,000 people (16 percent of all the workers in the industry). Later there were only 44 enterprises left on the list, but far from all of these combines and plants are on the verge of bankruptcy.

We have to divide them into three groups. The first are the enterprises with no future because of the depletion of their mineral resources. These include the Karabash Copper

Smelting Combine (Chelyabinsk Oblast), the Sadon Lead-Zinc Combine (Northern Ossetia), the Degtyarsk Mining Administration (Sverdlovsk Oblast) and the Yuzhnouralsk Bauxite Mine. These four enterprises, regrettably, are doomed for objective reasons, and their 7,500 workers have to be told the truth about this. Plans for the complete respecialization of the production facilities and the placement of these people in new jobs are being drawn up in conjunction with territorial agencies and with the help of the trade union.

The products of a second group of 19 enterprises are not competitive, but they are of tremendous sectorial or national economic significance. These are the Uralsk Precision Alloy Plant and five other plants in Sverdlovsk Oblast, the Novosibirsk Electrode Plant, the Kuznetsk Ferroalloy Plant (Kemerovo Oblast), the Svobodnyy Sokol metallurgical plant (Lipetsk Oblast), the nonferrous metal machining plant in Gay (Orenburg Oblast), the Skopin Hydrometallurgical Plant (Ryazan Oblast), the Podolsk Chemical Metallurgy Plant (Moscow Oblast), and others. The reasons for the "financial hole" they fell into are obvious: either the insolvency of customers, the reduction of the advance work orders securing profitable operations, or the obsolescence of technology and equipment and the extremely high cost of energy and freight services.

[Golovachev] Perhaps it would be simpler to give up on the production units with a devastating effect on the country and buy cheaper metal products abroad.

[Misnik] That opinion has also been expressed by some specialists in government agencies who cite examples in other countries. This would be a disastrous choice for Russia, however. Are the references to foreign experience relevant? It is true that the United States decided to import metal products around 20 years ago to avoid the high cost of modernizing its own metallurgy, but even a country as rich as the United States had to give up this idea six years later and begin restoring its own metallurgy with state-of-the-art equipment. At first the U.S. steel output was reduced from 103.5 million tonnes in 1980 to 67.8 million in 1986, but then it began to grow, and the output in 1990 was already back up to 90.4 million tonnes.

Why do Russia and the United States need their own metallurgical base? Because a great power (and I have no doubt that Russia will regain this status) cannot be dependent on other countries for metal products. Metal is the foundation of industry, so to speak, and even in an open economy with market relations, the foundation must not be influenced by abrupt changes in market conditions. Otherwise, the whole edifice would experience tremors.

That is why, from the standpoint of state strategic interests, we have to assist in the recovery of enterprises with good prospects. Furthermore, the metallurgists are not asking for huge amounts of money from the budget. We know that the treasury is empty. That is why we want different kinds of government support. We believe, for example, that promising enterprises should have the right to finance the modernization of production with the large sums that are being contributed to the budget by plants and combines today in the form of export and import duties (in foreign trade operations). The money would be

returned to the state, down to the last kopeck (with the proceeds from the sale of new products), and according to a schedule approved by the Ministry of Finance, with the appropriate adjustments for changes in the exchange rate of the ruble.

In addition, we feel that the schedule of customs duties should be revised for the stimulation of exports of high-technology metal products. Besides this, import duties should not be charged on equipment that is not being produced in Russia. For two years, enterprises should not have to pay taxes on the profit generated by consumer goods production. This could apply only to new production facilities, and not the old ones.

The problem of shipping costs warrants special consideration. Metallurgy accounts for 30 percent of all the freight carried in the country. Now that the Ministry of Railways is constantly raising its rates, most of this burden has fallen on metallurgy. The results are financial paralysis and the state of crisis that is jeopardizing the very existence of the metallurgical complex. We need quick intervention by the state to prevent the irreversible devastation of basic industries.

In short, I feel that there is no need to close the temporarily unprofitable enterprises of the second group, where 71,000 people are working. After financial recovery—and the technical and economic basis for this is already being established—they will get their second wind.

[Golovachev] How many years will the "recovery" of these 19 unprofitable enterprises take?

[Misnik] Four or five years in most cases, but the whole process should be completed by the year 2000 if the policy of state support we propose is implemented in its entirety.

The situation of the enterprises of the third group is much more complicated. Their products have no competitive potential and cannot be sold. There are 21 plants and combines in this group, and 14 have had cities built around them. In other words, if the plant or combine is closed, the whole city will be left without jobs, electricity, heat, transport.... These enterprises are the Petrovsk-Zabaykalskiy Metallurgical Plant (Chita Oblast), the Staroutlinsk and Nizhniye Sergi plants (Sverdlovsk Oblast), the Orel Mining and Concentration Combine (Chita Oblast), the Khrustalnyi Mining and Concentration Combine (Maritime Kray), the Urup Mining and Concentration Combine (Karachay-Cherkessia), and others.

They will require retooling or complete respecialization. The enterprises cannot do this on their own, and we cannot abandon whole cities to the whims of fate! Government support is the only solution. The decision has to be based on social and political factors instead of purely economic indicators. The government has to realize this. In all, 19 metallurgical enterprises are actually on the verge of bankruptcy today.

[Golovachev] What does the trade union think about these acute problems in ferrous and nonferrous metallurgy, and how can it contribute to their resolution?

[Misnik] We know that some people will lose their jobs. This is happening in other countries too. The output of

ferrous metallurgy worldwide is equivalent to 1.5 times the demand for its products. In the last 20 years the number of people employed in ferrous metallurgy throughout the world was reduced by half. The trade union recognized the inevitability of this process and was one of the initiators of the sectorial employment program. We are resolutely in favor of sweeping measures of social protection by the state and of state programs for the retraining of personnel. Local governments should work with trade unions for the dynamic development of regional employment programs. In short, we have to do everything within our power to avoid an impasse....

We can expect hard times in the future, but I hope that adequate social shock absorbers can be installed through concerted effort to reduce the unavoidable jolts of economic restructuring.

Arrest of Chechen Mafia Leader Khatuyev Reported

944F1071A Moscow ROSSIYSKAYA GAZETA in Russian
23 Jul 94 p 2

[Article by K. Vladimirov: "There is No Sicilian Mafia in Moscow! What Kind There Is—Let the Judicial Chamber Say"]

[Text] First of all—the latest criminal news flash of particular importance: In Nakhodka, associates of the MVD [Ministry of Internal Affairs] arrested the leader of the Chechen mafia, A. Khatuyev. What will come of this arrest and what chain of human fates Khatuyev will pull along with him is difficult to say. However, we can affirm only one thing: The chain will be rather long.

What allows us to draw such a conclusion? First of all, the history of formation of the Chechen mafia in Russia. In Moscow, for example, in the mid-80's the Chechens were just beginning to test their powers. They engaged in the purchase and re-sale of rugs from the Azerbaijanis, and performed various machinations in the purchase and sale of automobiles.

Having strengthened their positions, the Chechen criminal groups began to replenish their forces rather quickly, primarily through students from the VUZes [higher educational institutions] and former military builders. As a result, in the late 80's a powerful and unified criminal community was formed, precisely organized, well armed, and with strict discipline based on fear as well as on kinship principles.

I have written about the criminal-Chechens, and my hand has trembled. On one hand, these fellows do not understand jokes, and do not like it when they are remembered in the press. On the other—even more serious people are sitting in the Judicial Chamber on Informational Disputes, and it is difficult to predict what reaction this information with a national coloration will evoke in them. It is quite possible that some official secretary of some official party will come and announce that yours truly, in certain material of ROSSIYSKAYA GAZETA, is making an appeal to settle accounts with the foreigners.

Such a thought would never enter the minds of, say, the Italians, when newspapers write about the Italian, Russian

or Chinese mafia in the USA. Yet here it occurs. And again, the Judicial Chamber will gather experts, as it gathered them regarding the publications in our newspaper by T. Korupayeva, "One Fellow Countryman to Another..." and Ye. Shaposhnikova, "The Last Move of Defense." And the experts, having read holes through the newspaper pages, with marking pens in hand, will find that the presentation is not substantiated by the analytical commentary of specialists, and therefore the emphasis was shifted, without sufficient grounds, in the direction of the ethnic factor of growth of crime in the country.

I would not like to find myself in the role of defendant on the bench of the Judicial Chamber on Informational Disputes, but nevertheless I must cite the official facts received from the MVD.

The Azerbaijani community in Moscow numbers 15,000 people. The Azerbaijanis are oriented toward capturing the goods and food markets, engaging in re-sale of goods, driving up prices, trading in drugs, and so forth.

The Armenian community has a different specialization. It has established channels of export of precious metals and stones from the places where they are mined to Armenia, where they are subsequently processed and exported abroad.

Once again I confirm the correctness of T. Korupayeva, who wrote about the Georgians that they were "thieves within the law." They, the crowned ones, are the most numerous in the Georgian mafia, and they are trying to define the criminal "politics."

The Dagestan and Ingush groupings are also currently increasing their criminal potential.

This is an outline of the overall picture. Gloomy, but realistic. However, does it mean that crime in Russia is taking on clearly expressed "Caucasian" traits? Obviously not. Only a few of the large criminal groupings have been named. In the country there are over 5,000 different gang formations, and they are comprised of people of different nationalities: From Russians (who, of course, are in the majority) to representatives of the Russian national minorities.

When we, the journalists, write about this, we are certainly not trying to sort someone out by national indicator. It is just that those are the facts.

"Persons of Caucasian nationality"... Not only the members of the Judicial Chamber, but primarily we, the news writers, are depressed by this bureaucratic neologism which was put into use by entirely different, non-journalistic, spheres. This neologism has taken root primarily due to its large scope and frequent use. It bears no unethical or insulting meaning, and it cannot be repealed by an announcement, although the members of the Judicial Chamber are trying to do so.

The Judicial Chamber directs us to establish contacts with the law enforcement agencies and their scientific institutions. We announce—all the materials on the criminal situation in the country published in ROSSIYSKAYA GAZETA are based on official materials of the MVD, the

FSK [Federal Counterintelligence Service], and the Prosecutor General's office, or compiled with the aid of the associates of these departments.

Edict, Statute on Creation of Federal Labor Inspectorate

944F1071B Moscow ROSSIYSKAYA GAZETA in Russian
23 Jul 94 p 8

[RE Presidential edict No 1504: "On Ratifying the Statute on the Federal Labor Inspectorate Under the Russian Federation Ministry of Labor (Rostrudinspektsiya)," signed by Russian Federation President B. Yeltsin on 20 July 1994 in Moscow. Followed by text of statute.]

[Text]

Russian Federation Presidential Edict No 1504: "On Ratifying the Statute on the Federal Labor Inspectorate Under the Russian Federation Ministry of Labor (Rostrudinspektsiya)"

For purposes of ensuring the activity of agencies of state supervision and control over adherence to the Russian Federation legislation on labor and labor protection, I hereby decree:

1. To ratify the proposed Statute on the Federal Labor Inspectorate Under the Russian Federation Ministry of Labor (Rostrudinspektsiya).

2. To establish a limit on the number of workers:

For the Rostrudinspektsiya organizational structure—90 units (not counting its personnel for guarding and maintaining buildings);

For the state labor inspectorates of the republics, krais, oblasts, cities of federal significance, the autonomous oblast, autonomous okrugs rayons and cities—5100 units.

3. The financing of expenditures associated with implementation of activity of the Rostrudinspektsiya organizational structure and the state labor inspectorates of the republics, krais, oblasts, cities of federal significance, the autonomous oblast, autonomous okrugs, rayons and cities shall be performed at the expense of the Russian Federation Social Insurance Fund.

4. The Russian Federation Government:

In conjunction with the agencies of executive power of subjects of the Russian Federation, shall provide assistance in formulating the state labor inspectorates subordinate to Rostrudinspektsiya, and shall allocate the necessary buildings for their housing;

Within a 3-month's time, shall resolve the question of allocating a building for housing the Rostrudinspektsiya organizational structure.

[Signed] Russian Federation President B. YELTSIN
Moscow, the Kremlin, 20 July 1994, No 1504

Statute on the Federal Labor Inspectorate Under the Russian Federation Ministry of Labor (Rostrudinspektsiya)

1. The Federal Labor Inspectorate under the Russian Federation Ministry of Labor (Rostrudinspektsiya) and its subordinate state labor inspectorates of the republics, krais, oblasts, cities of federal significance, the autonomous oblast, autonomous okrugs, rayon, and cities (henceforth—state labor inspectorates) form a unified system of supervision and control over adherence to Russian Federation legislation on labor and labor protection at enterprises, institutions, and organizations of all forms of ownership (henceforth—enterprises).

2. Rostrudinspektsiya and its subordinate state inspectorates are guided in their activity by the Constitution of the Russian Federation, the legislative and other standard legal statutes of the Russian Federation, and the present statute.

Russian Federation legislation on state service applies to the managers and workers of the Rostrudinspektsiya organizational structure.

3. Rostrudinspektsiya forms state sectorial labor inspectorates, the organization of whose activity is regulated by the statutes ratified by the Main State Labor Inspectorate of the Russian Federation.

4. Persons having an appropriate higher juridical education or higher education and practical work experience of no less than three years may be appointed to the positions of chiefs of state labor inspectorates, state labor inspectors and state inspectors for protection of labor.

5. Rostrudinspektsiya and its subordinate state labor inspectorates perform their activity in conjunction with the federal supervisory agencies, the agencies of the prosecutor's office, other federal agencies of executive power, agencies of executive power of the subjects of the Russian Federation, and the legal and technical labor inspectorates of trade union associations.

6. The primary tasks of Rostrudinspektsiya and its subordinate state labor inspectorates are:

Implementation of state supervision and control over adherence to Russian Federation legislation on labor and labor protection, as well as associated legislative and standard legal statutes on compensation of loss inflicted upon the health of a worker, social insurance, employment, bankruptcy and privatization of enterprises, collective contracts and agreements.

Protection of labor rights and attainment of safe labor conditions for workers, as well as their protection against unlawful actions of employers, officials and other responsible workers of enterprises [1] infringing upon these rights;

Development of proposals on updating Russian Federation legislation and other standard legal statutes on labor and labor protection.

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Provision of advanced training of workers of the Ros-trudinspekttsiya organizational structure and the state labor inspectorates

Provision of assistance to employers and workers in gaining proficient knowledge regarding the Russian Federation legislation and the effective norms and standards on labor and labor protection.

7. In accordance with its assigned tasks, Rostrudinspekttsiya and its subordinate state labor inspectorates fulfill the following functions:

a) Rostrudinspekttsiya:

Implements state supervision and control over adherence to Russian Federation legislation on labor and labor protection, as well as associated legislative and standard legal statutes on compensation of loss inflicted upon the health of a worker, social insurance, employment, bankruptcy and privatization of enterprises, collective contracts and agreements;

Defines the primary directions and priorities of activity of the state labor inspectorates;

Implements organizational and methodological management of the activity of the state labor inspectorates, as well as their standard-legal and material provision;

Analyzes the reasons for violations of Russian Federation legislation and other standard legal statutes on labor and labor protection and prepares appropriate proposals for improving the said statutes;

Analyzes the conditions and reasons for inflicted injuries and develops proposals for their prevention;

Gives conclusions on drafts of construction standards and regulations (SNiP) and other standards documents on questions of construction, to see that they correspond to the requirements of the standards and regulations on labor protection;

Participates in the development of state standards on labor safety;

Implements control over adherence to the established procedure for investigating and accounting of industrial accidents;

Schedules appointments with and reviews the statements, letters, complaints and other appeals of workers regarding violation of their labor or social-economic rights and rights to labor protection, and takes measures to rectify them;

In accordance with the established procedure, prepares and submits to the President of the Russian Federation an annual report on the activity of Ros-trudinspekttsiya and adherence to the Russian Federation legislation on labor and labor protection;

b) The state labor inspectorates:

Implement supervision and control over adherence at the enterprises to Russian Federation legislation and other standard legal statutes on labor and labor protection, as well as related legislative and standard

legal statutes on compensation of loss inflicted upon the health of a worker, social insurance, employment, bankruptcy and privatization of enterprises, collective contracts and agreements; analyze the circumstances and reasons for their violation, and takes measures to eliminate them.

Analyze the conditions and reasons for work related injuries, and participate in investigating industrial accidents in accordance with the established procedure.

Perform advance supervision over construction of new and reconstruction of operating facilities of production function and their operational introduction for the purpose of preventing deviations from projects which may undermine the quality of labor conditions and reduce their safety;

Inform the community about violations of legal statutes on labor and labor protection discovered at enterprises; conduct explanatory work on the labor rights of workers;

Organize the instruction of employers and workers on questions of standard-legal statutes on labor and labor protection;

Schedule appointments and review comments, letters, complaints and other appeals of workers and their associations regarding violations of their labor or social-economic rights and rights to labor protection, and take measures to eliminate them.

8. State legal labor inspectors and state inspectors for labor protection have the right:

Upon presentation of certification of established form, to visit enterprises at any time of the day or night, unhindered, for purposes of implementing supervision and control over adherence to Russian Federation legislation and other standard legal statutes on labor and labor protection;

To requisition and receive from the agencies of executive power of subjects of the Russian Federation and the local self-government, as well as from enterprises, documents, explanations and other information necessary for fulfillment of their supervisory and control functions;

In accordance with the procedure established by the Russian Federation legislation on administrative legal violations, to impose fines on managers, officials and other responsible workers of enterprises who are guilty of violating the laws or other standard statutes on labor and labor protection;

To present to employers, officials and other responsible workers of enterprises mandatory directives on correcting violations of Russian Federation legislation and other standard legal statutes on labor and labor protection, and on bringing persons guilty of these violations to disciplinary responsibility or removing them from their duties in accordance with the established procedure.

To acquire tickets in first priority order for all types of transport, to reserve and receive space in hotels while on official business trips.

9. State inspectors for labor protection have the right:

To stop work of individual production subsections and equipment upon discovery of violations of legislative and other standard statutes on labor protection which pose a threat to the life and health of workers, until such violations are corrected;

To remove from work persons who have not passed training, instruction and a test of knowledge of the regulations, standards and instructions on labor protection in accordance with the established procedure.

10. Heads of state labor inspectorates have the right:

To review, together with the agencies of executive power of subjects of the Russian Federation, questions relating to the competency of the state labor inspectorate, and to demand correction of violations of Russian Federation legislation and other standard legal statutes on labor and labor protection which have been permitted;

To forward to the appropriate law enforcement and judicial agencies information, claims and other materials on cases of violation of labor and labor protection legislation, or non-fulfillment of directives of state legal labor inspectors and state inspectors on labor protection;

To make decisions which are mandatory for fulfillment regarding stoppage of work by enterprises at which violations of labor protection requirements are found which present a hazard to the life and health of workers, until such violations are corrected;

To prohibit production of means of individual protection which do not have a safety certification or which do not correspond to requirements of standards and technical conditions.

11. The state legal labor inspectors and state inspectors on labor protection, in exercising their powers and authorities, are independent of the state agencies and officials, and are guided only by the laws of the Russian Federation and other standard legal statutes.

12. The heads of Rostrudinspektsiya, the state labor inspectorates, the state legal labor inspectors and state inspectors for labor protection are obligated to preserve state, work-related and commercial secrets obtained in the course of performing their official duties, and not to relate to the administration of the enterprises any information on persons who have appealed to them with statements or complaints.

13. The decisions of the state legal labor inspectors and state inspectors on labor protection may be appealed to the head of the state labor inspectorate according to subordination, to the Chief State Labor Inspector of the Russian Federation, or in judicial order.

The decisions of the Chief State Labor Inspector of the Russian Federation may be appealed in judicial order.

14. The Chief State Labor Inspector of the Russian Federation is the head of Rostrudinspektsiya, and holds the rank of First Deputy Minister of Labor of the Russian Federation. He is appointed to his duties and dismissed from them by the President of the Russian Federation.

The Chief State Labor Inspector of the Russian Federation:

Manages, according to the principle of one-man management, the activity of Rostrudinspektsiya and its subordinate state labor inspectorates; bears personal responsibility for fulfillment of the tasks assigned to Rostrudinspektsiya and for implementation of its functions;

Has three deputies, appointed to their duties and dismissed from them by the Russian Federation Government;

Distributes responsibilities between the deputy chief labor inspectors of the Russian Federation;

Approves the structure, staff and principles on structural subdivisions of Rostrudinspektsiya and its subordinate state labor inspectorates;

Appoints and dismisses workers of the Rostrudinspektsiya organizational structure and heads of its subordinate state labor inspectorates.

15. The Government of the Russian Federation establishes the salaries and other labor conditions for workers:

Of the Rostrudinspektsiya organizational structure as applicable to conditions of labor wages for corresponding categories of federal ministry workers;

Of the state labor inspectorates of the republics, krais, oblasts, cities of federal significance, the autonomous oblast, autonomous okrugs, rayons and cities, as applicable to conditions of labor wages for corresponding categories of workers of the agencies of executive power of subjects of the Russian Federation.

16. Rostrudinspektsiya has blank forms of an established format, as well as a stamp bearing the State Seal of the Russian Federation and its name.

The state labor inspectorates use the blank forms and seals according to the samples approved by the Chief State Labor Inspector of the Russian Federation.

Footnote

1. Other responsible workers of enterprises are workers who, in accordance with their powers and authorities, bear responsibility for reviewing drafts of statutes (orders, directives and other documents) in terms of ensuring their adherence to legislation on labor and labor protection regulations.

POLITICAL AFFAIRS

Society Aims To Protect Russian Interests

944K18801 Simferopol KRYMSKIYA PRAVDA
in Russian 23 Jul 94 p.2

[Article by V. Terekhov, chairman of the Russian Community of Crimea: "The Russian Community Is Our Support"]

[Text] The Russian Community of Crimea was organized in October 1993. Many events have occurred in Crimea as of late. A president of the Republic of Crimea and a Supreme Council of Crimea have been elected. The work of both branches of power on the real building of Crimean statehood has begun and has been cranked up. This is complex work that is being performed for the first time, under the conditions of a complex attitude toward this both on the part of Ukraine and on the part of Russia...

The sponsors of the creation of the Community were citizens of Crimea, among whom were members of the Republican Movement of Crimea, the Russian Culture Society, leaders of industrial works, and members of the Supreme Councils of Crimea and Ukraine. The Russian Community of Crimea has thus far been unable to show itself as an active social force, however. The whole point being that the above-mentioned political events absorbed both the forces and time of its most active members. Today also they are still preoccupied mainly with concerns of a political content. For example, S.P. Tsekov, deputy chairman of the Community, is greatly overburdened with work as chairman of the Supreme Council of Crimea. Another deputy chairman, P.I. Morgunov, is no less burdened with work as chairman of a commission of the Supreme Council of Crimea.... Some founders of the Community, members of the Community Duma Presidium, are deputies of the Supreme Council of the Republic of Crimea.... Nonetheless, the Russian Community lives. It has rendered the sick material assistance and attempted to help organizationally students of higher educational institutions. The candidate for deputy nominated by the Community was victorious at the elections and became a deputy of the Supreme Council of Crimea.

But all this is very, very little for such a force as the Russian Community could become were it to organize and crank up properly.

This was the topic of discussion at the meeting of the Duma. The idea of the Community is to help Russians and all who, despite the imposed ethnic demarcation, have remained with the Russians to resist the infringement of civil rights occurring as a result of the aggression of the Ukrainian-Galician chauvinism that has been adopted in Ukraine as the official ideology. This aggression is spreading to Crimea also. No appreciable changes in ideology are foreseen. Although Russians in Crimea are not in the minority, their all-Ukraine status is one of national minority. And the imperial forces are threatening the Russian population not only with forcible Ukrainization. Perhaps they could conceive a desire to follow in the footsteps of Nazarbayev's Kazakhstan, where Cossack associations have been banned, historically Russian cities have been renamed in a Kazakh mode, elite positions (in

the government and parliament) have been occupied by Kazakhs, in the main, historically Russian territories are being settled by immigrants from China (105,000), where as a result of all this, the Russian population is being forced out of its places of habitation, and over 150,000 Russians have already left Kazakhstan.

And it is not only from Ukrainian nationalists that the danger to the Crimean-Russian population comes.

In order to hold out under these conditions and not trail from Crimea in the footsteps of the Kazakh refugees it is necessary to unite.

The Russian Community is attempting to unite Russians and those whose language and culture are Russian and those who consider Russia their historical homeland. To unite them on the basis of culture, everyday life, activity, leisure time, and amusements and to render its members legal, moral, material assistance...

Registering was not easy for us. There were bureaucrats that reproached us with chauvinism. It is an amazing thing, but Tatars, Jews, Germans, Armenians, Greeks, and Ukrainians may display concern for their nation and defend the nation against its corrupters. Russians, on the other hand, are forced to be antinational and to be ashamed of glimmerings of national self-awareness. And what is most surprising is that the Russians themselves, those who have lost their national roots and have suffered a deformation of their consciousness under the impact either of an "international" lack of awareness or under the impact of dollar anesthesia, are behaving in the same way.... The Russian population is in need of spiritual revival. For, abandoned by its rulers, its intelligentsia, its confessors, itself disorganized and helpless, it is not even aware of its misfortune. At a time when we have been made atheists, when Orthodoxy is battered, reassigned, and split; on radio, on television, and in meeting halls and on open-air stages missionaries with a transatlantic accent are enticing us into their sects like Papuans or Eskimos. Russians have neither a Rukh nor a Mejlis, nor newspapers, nor radio and television.... The Crimea Television and Radio Company responds to requests in the spirit that inasmuch as broadcasts of TV Crimea are in Russian, creating a Russian editorial office would be inadvisable.

In order to survive, the Russians have no support other than national self-awareness and mutual assistance. And this must be understood. We are for everyone living together: Tatars, Ukrainians, Germans, Jews, Karaites, but, Russians also. And in order to live we need to think about our health.

The Duma believes that the Russian Community of Crimea could be the force that does not disunite but gathers the Crimean Russian population together and helps it preserve its national health and life itself.

A conference of the Russian Community of Crimea will take place at 1100 on 30 July at 20, ul. Pushkina, Simferopol.

Join the Russian Community!

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Moroz on Ukrainian-Crimean Relations

944K18534 Simferopol KRYMSKIYE IZVESTIYA
in Russian ?? Jul 94 p. 1

[Interview with Oleksandr Moroz, chairman of the Ukrainian Supreme Council, by N. Gavrilova, place and date not given. "Oleksandr Moroz: To Act Only Together"]

[Text] Our conversation with Oleksandr Oleksandrovich Moroz, chairman of the Ukrainian Supreme Council, took place immediately after the ceremony in which the new president of Ukraine took the oath of office. Naturally, the conversation will be right away to the changes one may expect in Ukrainian-Crimean relations in connection with the new political situation.

[Moroz] Most likely there will be a more purposeful policy toward a resolution of problems of concern to Crimean residents today. First and foremost problems in the economic sphere. I think that in the past we did not have such consistency, and the Crimean population felt it. I think that the executive branch will react more effectively to anyone's initiatives, in particular with respect to supporting Crimea's functioning as a recreation zone or resolving energy and financial problems. This should affect in a certain way the mood in the Crimea. On the other hand, the statement of the president's speech regarding the status of the Russian language also will have an effect. All this should provide a thick drop that will facilitate bringing the relations of the authorities in the Crimea and the state as a whole into one constitutional dimension.

As to the Supreme Council's intentions in this respect, they remain unchanged: we will continue working in the same direction with the support of the executive branch.

[Gavrilova] It is being said in the Crimea that the new Ukrainian Supreme Council is more dynamic, but the negotiation progress of treaty relations with Ukraine were hampered by the presidential structures. How will it proceed now?

[Moroz] It was not being hampered, especially when the process got underway. But it coincided with the presidential election campaign, which effectively engaged all structures of executive authority and they simply did not have time for it. Now the time is approaching to resolve the problems created with the tasks that have been defined, including the election campaign. Naturally the executive branch will be acting more energetically in the direction of removing the controversies that arose during the preceding period.

I hope that the sources of these controversies—first and foremost subject to the sources—will understand that the new period sets new terms of responsibility for them as well. Therefore, without any doubt, the intensity of these controversies is due to precisely to subjective rather than objective reasons. Therefore, decisive actions on the part of the executive and legislative authority will contribute to resolving these controversies, removing them, establishing peace and, let us put it this way, abundance in the Crimea.

[Gavrilova] Are you already familiar with the documents of the Crimean Supreme Council regarding the problems

of organs of internal affairs? Would you venture a prediction of the Ukrainian parliament's reaction?

[Moroz] I am familiar with this problem, and it is indeed acute. It is sad, regrettable, that in this situation the militia organs have found themselves hostage to politics. This should not be happening under any circumstances. Therefore the responsible attitude on the part of authorities in this case should manifest itself in the extent to which the militia will be relieved of hostage status. This tug-of-war between the authorities must be taken outside enforcement structures and be resolved in lawmaking offices, in session halls.

That the Crimean Supreme Council offered its vision of the problem is good. The documents have been passed on to the relevant commission, which will prepare the question for consideration at the session. I cannot tell how this controversy will be resolved at this point, but it will probably be resolved across the entire Ukrainian MVD [Ministry of Internal Affairs] system and in all regions, not just Crimea, because the link, the influence of local authorities on enforcement structures today is inadequate. And somehow we must reflect in the law the necessity of strengthening this link—it probably should also be reflected in the local organs' budget as well. But at the same time the vertical chain of authority, especially in these difficult times, must exert an influence by forming militia structures for the resolution of local tasks on maintaining public order, the GAI [motor vehicle inspection], etc.

As to the common system of internal affairs organs, the vertical chain must be preserved; the organs of authority probably should have a say in personnel questions.

[Gavrilova] As chairman, would you like to see the Crimean Supreme Council put forward legislative initiatives more often?

[Moroz] I want all organs of authority to come out with initiatives. Then there is greater hope that the law will be universal and more optimal in content.

[Gavrilova] L. Kuchma just said that he is willing to give the Russian language the status of an official language. What is the difference between a state language and an official language?

[Moroz] It is a norm in international law that characterizes this distinction. Official languages—both Russian and Ukrainian—have equal status. But the status of a state language assumes its usage in a certain mode for certain occasions: signing international treaties, conducting Supreme Council sessions, speeches at receptions, distribution of state documents. In other circumstances the languages are equal. I think that the Russian-speaking population should not be offended by this. The state language should be the language whose roots contain the name of the state.

[Gavrilova] What would you like to say to Crimean residents?

[Moroz] I would like to ask them to be more patient in this situation. And to treat more attentively not only proposals on Crimean power structures but those of an all-state

nature as well. And understand that nobody in the Ukrainian power structure wishes ill on the Crimea. The difficulties they are currently experiencing can only be overcome together, within the boundaries of our state, doing everything to live in friendship with neighbors. Therefore I would like the wave of rallyism and excessive politicization on Crimean territory to subside soon. I will tell you frankly: After my recent visit to Crimea I realized that it is already on the wane, but some politicians remain in a rallying mood even within the official power structures. I hope this, too, will pass, as everything does under the sun...

Editor Reacts to Kravchuk Defeat

944K17994 Kiev NEZAVISIMOST in Russian
13 Jul 94 p 1

[Article by Vladimir Kuleba, editor-in-chief of NEZAVISIMOST: "The End of the Regime of L. Kravchuk"]

[Text] I am writing these lines immediately after a press-conference held by I. Yemets, chairman of Tsentribirkom [Central Electoral Commission], at which the victory of Leonid Kuchma was officially announced. Strictly speaking, this information had arrived from the headquarters of L. Kuchma as far back as Monday morning, but Central Electoral Commission kept silent for half a day, alleging that the results of the voting in a number of oblasts (precisely those where L. Kuchma had the greatest advantage) were not known. The powers that be had one last glimmer of hope: the number of votes for L. Kuchma would suddenly be less than those of the voters voting against him. After Monday dinner, the illusions were dispelled. Some 12.7 million voters came out against Leonid Kuchma, and 14.6 million, or 52 percent—came out for him. For Leonid Kravchuk, the indicators were respectively, for—12.1 million, against—14.5 million. L. Kuchma won the election with an advantage of 8 percent, and the gap was over 2 million votes.

I think that I am not the only one recently who did not give up the idea of the unreality of what was taking place, of a bad, nightmarish dream, which was just on the point of coming abruptly to an end. But you turn on the television—from morning to evening, fawning flatterers and lackeys were singing the praises of the "father of our nation." Steeped in lies to the core, the obsequious "sociologists" predicted the unconditional victory of the "guarantor of statehood," and the dove of peace of the small-town flood, the song "Den Prezidenta" [The Day of the President] resounded with pointed cheerfulness, as in the years of stagnation, the book store on the Kreshchatik was pushing the ordered essay, and the loyal newspaper, issue after issue, was "flogging" a serialized interview, by the way, not even completed. Is it really, "to be continued"? I personally have no doubt: a little longer and we would have got to the point of stamping the profile on our new kopecks, to quotations and to God knows what else. It would be shameful, later on, not only for us, but for our children and grandchildren, and for several generations to come. All this is an external manifestation, however. The main thing—hold fast at the trough of power at any price, which would have been permitted at one time, making a fool of our poverty-stricken people, "piratize" on the sly the resources of Ukraine that have survived and export

them abroad, and fill up your accounts in Austrian and Swiss banks. These are some of the most characteristic features of L. Kravchuk's regime.

Even the day before the elections, when by law, campaigning ceases, we were witness to helpings of propaganda, unprecedented for its political cynicism and undistinguished, incidentally, in its execution, in favor of L. Kravchuk. It is now clear: those were the death-rangings of his regime, built from the very start on falsehood and lies, and therefore doomed. This is now clear. But at that time? Gentlemen, how do you survive the humiliation and shame for many of my colleagues, when in the television debates "100 Minutes with the Press," they deluged Leonid Kuchma with questions prepared in advance and juggled quotations and the next day—with precision, they parroted the words of L. Kravchuk's mouth, "daring" to criticize him [Kuchma], in the apt words of the director of the Gravis Television Company, shut down for political reasons, because he, the director, was "working too hard." God will be their judge, though. The people of Ukraine managed to unravel all this, where there was real wheat, and where there was ordinary chaff, and made their choice despite the propaganda machine, loosed with all its might by the former communist party functionaries, which had made a fool out of the people.

Oh, how they clung to their power! The climax of the shamelessness was the announcement of one of the leaders of L. Kravchuk's command, made to the Ostanke (TV) journalists, on the allegedly accomplished victory of their "chief." What were they counting on? This was really a pre-death political spasm. But then what is surprising? After all, this had all happened already, remember, in August 1991, when our bought off television station and the former communist party newspapers, vying with one another to divulge and print the edicts of Yanayev and Co., had humiliated their authors to the best of their abilities for two days, noting the traces of the high treason in Kiev. I personally have no doubts or illusions on this score—I can make you a bet: those who yesterday were bursting to prove that "Kravchuk is peace, and Kuchma is civil war," will tomorrow be "licking up" all the accessible spots of the new president. The only hope is that Leonid Danilovich will be able to separate the wheat from the chaff and clean the lies and filth out of the Augean Stables, including the so-called presidential palace, where they have coiled up a nest, not only of unscrupulous people and smart operators of the shady economy, but also of those for whom the prison has long been crying. God forbid a repetition of the mistakes of the predecessors, whose associates, smelling the odor of "roast meat," when the first results of the elections became known, immediately offered their services on the matter of "turning over" their "chief" as an advance toward the future.

The election of Leonid Kuchma has posed many more questions than it has given answers. What will be the present President's attitude toward parliament and toward its "leftist" majority? On what platform will they meet with V. Masol, who was appointed two weeks before the presidential elections? Will they succeed in forming a strong executive vertical structure, in passing the Constitution, in forming a Constitutional Court, in overcoming

finally, the resistance of the overt and covert adversaries, the number of which multiplied in almost geometric progression during the pre-election campaign? Let us rely on the common sense of our new President.

One wishes that L. Kravchuk's regime, entangled in lies, falsehoods, bribery, insinuations and answerable to the mafia, would be gone for once and all. Alas, this sort of thing doesn't happen in real life. The cult has been unmasked, but its devotees remain, they are alive and will long be in power. Therefore, in wishing success to the new President of Ukraine today, we hope that he will succeed in clearing the many obstructions on the path of a sovereign Ukraine, where his historic mission certainly lies.

Decree Creates Ukrainian Immigration Service

944K1716 Kiev URYADOVYY KURYER
in Ukrainian 25 Jun 94 p 5

[Text of decree]

[Text]

Cabinet of Ministers of Ukraine

The Creation of Bodies of the Immigration Service in Ukraine

Decree No. 428 of 22 June 1994

The Cabinet of Ministers of Ukraine, in accordance with the Law of Ukraine "Refugees" and for the purpose of implementing a uniform state immigration policy and creating a system of state control of immigration processes, DECREES:

1. The adoption of the proposal of the Ministry of Affairs of Nationalities and Immigration for the creation of immigration service bodies in the oblasts and the cities of Kiev and Sevastopol, as well as a Department of Immigration within the structure of the Ministry, increasing the size of its central apparatus by 20.

The Ministry of Finance will provide funds in the draft specific values for the state budget as of 1 July 1994 for the maintenance of oblast and Kiev and Sevastopol city departments of immigration, which are included in the corresponding local state administrations proceeding from the overall number of officials of those departments of 57.

The Ministry of Finance and the Ministry of Affairs of Nationalities and Immigration will determine the number of the rest of the officials of the bodies of the immigration service, depending on the amount of work, during the composition of the draft state budget for 1995.

The government of Crimea will create the corresponding immigration service body in accordance with Article 6 of the Law of Ukraine "Refugees."

2. The Ministry of Affairs of Nationalities and Immigration will create regional centers for the temporary accommodation of refugees in 1994-95 in coordination with Ministry of Finance and the corresponding local state administrations.

The Ministry of Labor will confirm the terms of payment of officials of the regional centers for the temporary accommodation of refugees in coordination with the Ministry of Finance.

3. The Ministry of Affairs of Nationalities and Immigration will develop and submit for the approval of the Cabinet of Ministers of Ukraine a Statute on Oblast and Kiev and Sevastopol City Immigration Departments within three months.
4. The Ministry of Finance will provide funds in the draft state budgets, starting in 1995, for the maintenance of oblast and Kiev and Sevastopol city immigration departments and regional centers for the temporary accommodation of refugees.

Prime Minister of Ukraine V. Masol

Minister of the Cabinet of Ministers of Ukraine I. Dontsenko

ECONOMIC AFFAIRS

Meshkov on Economic Ties With West

944K1852A Simferopol KRYMSKIYE IZVESTIYA
in Russian 22 Jul 94 p 1

[Report by O. Kulakovskaya: "No Vacation for the President"]

[Text] Crimean President Yuriy Meshkov recently returned from a foreign trip, where, as he told journalists, he attended to matters of a business nature. In particular, Yuriy Meshkov visited Germany and Switzerland.

In Germany questions of financial support for housing construction programs, professional training, and building and developing the Republic of Crimea's infrastructure were discussed. A preliminary agreement was reached on financing for all these programs. The amount of financing is very substantial, exceeding our republic's budget by several factors.

In Switzerland the topic was the opening of the Republic of Crimea's trade and economic representation and establishing working contacts between Swiss companies and Crimean economic entities.

Business ties were established with the structure of world banks and agreements reached on building in Simferopol representations of the system of international banks, the International Bank for Regional Development, and a number of others. In addition, working contacts were established with embassies and trade representations of the United States, France, Italy, the Baltic states, Japan, the Arab states, Southeast Asian countries, South America, and South Korea.

To the question about the possibility of large Swiss banks extending their operations to Crimea, the president replied that he hopes for an inflow of large capital into our market, including first and foremost the Swiss. Because this country serves as a reference point for the entire Europe. As a result of intense competition in the financial market, Switzerland had to adopt the strictest banking legislation. The tightening had to do with the problem of sources and

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transfer of money. If Swiss firms and banks operate in a market, it means that the financial source is absolutely clean and nobody can skim profits from capital transfer.

"We need not just financial means," says Yu. Meshkov, "but absolutely clean financial means, because unfortunately there are other kinds in the financial market. There is a bitter competition between the countries for clean sources."

As to German investors, the Crimean economic structure and our legislation and principled positions on resolution of economic problems provide certain guarantees of sensible and justified investment in the peninsula economy. And not on the level of immediate and momentary profit, but for the future and at maximally preferential terms.

If everything goes as planned, said the president, by the fall the level of wages in the Crimea will be comparable to that in Russia.

Naturally, journalists were also interested in questions of relations with the new president of Ukraine, L. Kuchma. Yuriy Meshkov had an unequivocal albeit somewhat abrasive opinion:

"My relations with Kuchma may not be characterized as personal friendship but they are warm. With his election, nationalism as the foundation of Ukrainian leadership's domestic and foreign policy has been rejected and, I hope, been relegated to the past for good. This was a downfall for nationalists not only in Ukraine but also in the Crimea. One kind of nationalists supported another, and I can only feel sorry for those who will certainly become the victims of an unreasoned one-sided policy of the leadership of the nationalist movement of Crimean Tatars. Their position clearly did not help the probability of the new president of Ukraine allocating additional means. With all objectivity this cannot be regarded as a factor contributing to normalization of the situation. In my opinion it is a complete bankruptcy of the nationalist movement in the Crimea."

The president of Crimea reacted no less unambiguously to the question of his opinion regarding the "frontal attack" on the part of PEVK [Party of Economic Revival of Crimea] leader V. Shevchuk on Saburov's government:

"This is a good sign. It means that the attackers feel that this is their last chance. And the chance is disappearing, slipping away. The Crimea is open to the CIS, to Europe, to the entire world."

Those who do not like it, rally under patriotic banners and call for a last battle on the principle, as Yuriy Meshkov put it, "of keeping all that is mine to myself."

The president added that the government currently is committing gross political mistakes, but not economic ones.

"The privatization plan," he said, "that the 'champions' of the people propose is intended to close off the Crimea, to not let anyone from the outside participate in the acquisition of property; to provide the opportunity for ourselves to buy up everything at bargain basement prices, and then open the doors and say: 'Now that it is all ours, come and buy it from us at real prices.' There is another option, and the government is currently working along those lines. It is

much closer to my vision. This option assumes creating conditions under which property during privatization will acquire a true price, close to world prices."

That the president so clearly defined his positions is both encouraging and alarming. Will this firmness not exacerbate the tensions that exist in the relations between the parliament and the government?

In conclusion it probably should be added that during the parliamentary recess the president intends to keep working hard. In his words, he cannot afford the luxury of a vacation.

Foodstuff, Consumer Good Prices on Upswing

944K1862A Donetsk DONBASS in Russian 22 Jul 94 p 1

[Article by Lyudmila Makarenko under the rubric "Theme of the Day": "Prices Are Increasing. Quietly, Without Announcements, and Significantly"]

[Text] It would seem that all of us have gotten accustomed to four, five, and six digit figures that are so difficult to recall and changes in which are even more difficult to store in one's memory for a long time, for example, months; it seems we have gotten so used to them that prices do not appear to be changing. But they are changing, and how! The latest data of the oblast administration make it possible to represent the decline in the standard of living visibly.

Here is how the figures for some food products in state and cooperative trade changed for the period starting at the beginning of the year through 13 July 1994.

Vermicelli at that time cost an average of 6,839 karbovantsy per kilogram; that is, prices increased by a factor of 1.4. Oatmeal (respectively)—2,420 and 5,000—by a factor of 2.1, pork—36,000 and 47,500—by a factor of 1.3. Ducks—37,000 and 44,000—by a factor of 1.2. High-quality boiled sausage—59,105 and 63,158—by a factor of 1.1. First-quality boiled sausage—45,107 and 50,089—by a factor of 1.1.

It is amazing that now, during the harvest of fruit and vegetable crops, prices for them have increased in comparison with the middle of winter by a factor of 10-17; moreover, the trend in increased prices of some of these essential products is being maintained in a period when the market is filled with them. From 5 to 13 June tomatoes became 5 percent more expensive, beets—72 percent, potatoes—a factor of 1.5, and carrots—more than twofold.

Prices for industrial goods in daily demand increased even more significantly in the half year. A man's light overcoat increased in price by a factor of 2.5, and a woman's—by a factor of 3.9, a boy's shirt—by a factor of 3.6, trousers—by a factor of 2.3, women's pantyhose—by a factor of 2.3, etc.

Against the background of such a sharp increase in the prices of food products and essential industrial commodities there is little consolation to be had from the cut in prices for bread (1.7 percent), and butter (0.8 percent). Only eggs became noticeably cheaper, by 43 percent, although from 5 to 13 July prices for them began to creep up.

The wage level for a majority of workers did not increase during this time; in addition, many of them were and are on so-called leave without pay; that is, they have ended up semi-employed. Pensions were increased insignificantly, by 60,000 karbovantsy for the small number of elderly people who worked during the years of the Great Patriotic War in the rear. Against the background of a quiet and unannounced increase in prices, all this indicates a further lowering of the standard of living.

One would like to believe that the deputies and managers of state structures elected in March-June of 1994 at all levels, fulfilling the generous promises they made to the voters, will put an end to a further slump in production and will thereby block runaway prices.

Edict to Return Illegally Exported Currency Viewed

944KI716 Kiev URYADOVYY KURYER
in Ukrainian 25 Jun 94 p 3

[Interview with Presidential Counselor on Foreign Economic Issues Valeriy Oleksandrovych Kravchenko by Volodymyr Ilchenko: "The Road to the Fatherland Is Open to Ukrainian Currency"]

[Text] *President of Ukraine Leonid Kravchuk signed an edict on June 18 on immediate steps to return to Ukraine hard-currency assets that are outside of its borders illegally. We asked Presidential Counselor on Foreign Economic Issues Valeriy Kravchenko to comment on this edict.*

[V. Ilchenko] Valeriy Oleksandrovych, the concept of the "illegal" presence of currency assets outside the borders of Ukraine figures in the President's edict. Could you clarify the substance of that concept?

[V.O. Kravchenko] The definition pertains to currency funds that have been taken beyond the borders of Ukraine in the form of goods (or operations or services) pursuant to foreign-trade contracts, and the equivalent value of which (that is, the currency itself) is not received in Ukraine. That money is thus working in the economies of other countries. The total of such funds, according to various estimates, reaches roughly 6 to 16 billion dollars U.S. I am more inclined to the first figure, but you will agree that even that is an enormous amount of the money that is so essential for investment in priority areas of the economy, the formation of a stabilization fund for the national monetary unit and the accomplishment of other urgent tasks. And that money is working outside the borders of Ukraine in the form of currency transactions with a certain percentage increase, securities with the corresponding currency dividends, or is even transformed into real property.

The illegality of the presence of currency assets outside the borders is connected first and foremost with the fact that in accordance with our legislation, foreign currency may be exported, kept and used outside the borders of Ukraine only with the permission of the National Bank of Ukraine. The main thing, however—with regard to economic factors—is that the funds obtained through export by those subjects have not been taxed in Ukraine, and the state is constantly losing a large amount of budgetary receipts essential at least for the resolution of social issues thereby.

It should be emphasized that the targets of this edict are exclusively legal persons that are business entities.

[V. Ilchenko] What are the causes of the "mass nature" of such a phenomenon as the concealment of currency abroad?

[V.O. Kravchenko] Fifty percent of the currency receipts from foreign economic activity belong to the exporters under prevailing legislation. The rest—that is, 50 percent—are subject to mandatory sale to the state at the so-called fixed rate of exchange of the karbovanets to foreign currencies, the application of which is unprofitable for many producers. This is, in essence, the primary cause pushing our exporters to violate the law.

Another is the ill-considered and distorted policy in the realm of currency regulation, and first and foremost the use of the idea of a fixed rate of exchange that, in my opinion, has led not only to an increase in the flow of currency abroad, but also to a decrease in investment receipts, the enrichment of certain officials, a further round in the inflationary spiral, and the robbing of the state in general.

The institution of selective concessions and privileges for certain exporters has had the very same consequences.

[V. Ilchenko] So a business entity fills out a declaration of currency assets abroad and returns them to Ukraine... What awaits the individuals responsible for the violations?

[V.O. Kravchenko] The decree provides not only a mechanism for declaring and returning currency assets, but also an opportunity for amnesty for the business entities and their executives (or officials) that have violated the prevailing legislation; in a case where the requirements of the edict are fulfilled, the sanctions that are stipulated by prevailing legislation are not applicable to them. That is to say, if an enterprise has declared its property abroad within the stipulated time frame and has returned it to Ukraine in accordance with the requirements of the edict, the punitive measures will not be applied toward it. Not only the sanctions stipulated by Paragraph 2 of the edict pertaining to the impossibility of continuing foreign economic activity, but also the corresponding norms of administrative and criminal law, are applicable otherwise.

It is, of course, not very difficult to ascertain what goods have crossed the border, since they are entered on customs declarations, and we are thus able to track the currency funds that must have been received in the accounts of the corresponding business entities. There are, by the way, not all that many business entities that are engaged in foreign economic activity—somewhere around ten thousand.

It could be stated figuratively that the President, through this edict, is extending a hand to those enterprises that have stumbled, well understanding that most of them took the illegal actions under the pressure of our imperfect legislation in the realm of currency regulation. The greater part of the managers of business entities who conceal currency abroad, it is true, are not criminals; they were impelled to this by the explosive financial mechanism that has been artificially created by "decree-wise" people.

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[V. Ilchenko] As I understand it, we are talking only about the funds of enterprises, and not personal deposits?

[V.O. Kravchenko] The decree pertains not only to business entities—regardless of their forms of ownership—that have violated the law, but also to their executives (or officials), if the money of enterprises is in their personal accounts abroad. The resolution of the question of returning the currency funds in that case, in my opinion, will depend a great deal on the labor collective of the business entity, the results of whose work were actually misappropriated. The labor collectives must investigate such executives. Criminal proceedings against specific individuals have to be initiated at their request. The state will have the opportunity of going to this or that bank and the international bodies of law-enforcement structures, for instance Interpol, to return that property to Ukraine only after the appropriate court verdict is rendered.

There is one more aspect of this problem: the products that were exported were produced and shipped, so funds were expended in their manufacture for raw materials, for labor, for power, and the executives of those enterprises were thus forced to obtain bank credit at high interest rates, which was a blow not only to their own labor collective, but also to the entire state, since it fanned the inflationary spiral.

[V. Ilchenko] They say that it is no accident that the decree has appeared on the very eve of the elections for President. What is your opinion on that score?

[V.O. Kravchenko] The President's decree is not part of election campaigning, but rather the result of his systematic work as the chairman of the Coordinating Committee to Fight Corruption and Organized Crime. The Main State Tax Inspectorate, by the way, has already turned over to law-enforcement bodies materials pertaining to more than 70 cases of violations of legislation in the realm of foreign economic activity.

This edict is for me personally the realization of a dream that I have nurtured as long ago as when I was in the position of minister of foreign economic ties. The discussion concerns concrete steps to create a comprehensive, national system for monitoring the timely and complete receipt of foreign currency from export operations in Ukraine.

I am convinced that we should resolve this issue as soon as possible.

Masol Addresses Trade Union Federation Congress

944K1813A Kiev URYADOVYY KURYER
in Ukrainian 2 Jul 94 p 3

[Speech by Prime Minister Vitaliy Masol of Ukraine at the Congress of the Federation of Trade Unions of Ukraine on 29 June 1994: "The Government and the Trade Unions: A Constructive Cooperation"]

[Text] Esteemed delegates and guests!

It gives me great pleasure that my first appearance as prime minister of Ukraine is taking place before such a

distinguished audience—the Trade Union Federation of Ukraine. I was very happy to accept your invitation to meet with you.

The issue raised by the Trade Union Federation for discussion is extremely important. After all, social guarantees for workers mean, first and foremost, having a guaranteed job and, as a direct result of one's labors, being able to maintain the necessary standard of living. You are absolutely right that the conditions that make this possible must be created by the state. The state must also guarantee safe working conditions, the right to housing, and health care.

We all know the situation in which our citizens find themselves today and how social guarantees are currently safeguarded. Federation president Oleksandr Stoyan also discussed these issues in detail in his speech.

But this is not how things should be. I am convinced that we would not have reached this state if a well thought-out and far-sighted economic policy were being pursued by the state. The primary responsibility for this lies with the government. Therefore, the attention that the general public and the trade unions are focusing on the formation of an effective government and on increasing this government's professional competency and responsibility for the public welfare and for the conduct of economic policy is understandable.

I am familiar with the position of the president of your Federation regarding the need for consultations with the trade unions when selecting candidates to head the ministries of labor and social security, as well as the head of the State Committee for Job Safety Oversight. We discussed this matter at the meeting with the leadership of the Federation held on the eve of the congress and settled it.

What kind of economic policy and reforms does the government envisage, and what are the priority tasks that arise in conjunction with this?

In strategic terms, this means forming a socially oriented market economy, in which satisfying the needs of the people is the top priority. We have already begun to draw up a program of macroeconomic changes and are deciding its content, phases, and the sequence in which things need to be done. In accordance with a Supreme Council decision, work has begun on a plan of immediate measures designed to stabilize the socioeconomic situation in the country.

While shaping our own national economy, we will establish mutually advantageous relations with all the countries of the world and, above all, with Russia and our closest neighbors.

Our main task is to create the necessary conditions for the restoration and eventually the growth of production—the basis of the people's prosperity. The most immediate task is to end the crisis and avert the threat of a mass loss of jobs and unemployment. I believe that the trade unions will support us in this effort. Towards this end, we will implement a set of measures aimed at overcoming the payments crisis and at changing our taxation system and price policy. This will also be the objective of targeted

support with credit of priority industries, changes in foreign exchange controls, and support of business enterprise.

Ensuring full and effective employment is not a simple matter at this time. Even though on 1 June only 102,000 persons were officially registered as unemployed, this is a much more complicated problem as evidenced by the fact that just in the first quarter of this year, 2.2 million persons were forced to take leave without pay. I believe that the government must give serious consideration to the proposal of the trade unions regarding recognizing the status of partial employment and providing social safeguards for this category of workers. In general, ensuring the right of citizens to work in an economy undergoing a crisis is a very difficult problem, which requires a system of measures aimed at expanding the work sphere. There is a need for broad support from business, particularly in fields whose development does not require large additional material, energy, and financial resources and which create new jobs with good prospects. Every individual must view employment as a real value and a guarantee of the continued growth of his or her prosperity.

Changes in the economy must be directed at attaining the main goal—creating conditions for free productive work and a respectable wage. But we have to understand that the only source of wage growth is production growth. In a country with this kind of financial deficit and production decrease, it is not possible to create instantly the kind of system of guarantees that you and I would like to have, inasmuch as we can divide only what has already been produced. No system provides guarantees for a collective that produces nothing or one that produces goods for which there is no demand.

The growth of wages in the nonproduction sectors is directly linked with the state of our budget. Today we should be striving to increase the revenues side of our budget by increasing the effectiveness and profitability of our enterprises and decreasing the production costs and power-output ratio of production. But this will not happen of its own accord, as some expected when they proclaimed market slogans. It is necessary to ensure state regulation of this process, price formation discipline, timely payments, and the building of an effective infrastructure for the development of market relations.

However, let me stress at the outset that state regulation does not mean interference in everything that is going or continuing to grant subsidies to loss-making enterprises and organizations. It is time that we finally understood that retaining obsolete jobs that do not answer today's needs and supporting enterprises that are unable to turn a profit leads to a hopeless situation.

We will carefully study the drafts of laws submitted by the trade unions "On Wages" and "On the Low-Income Minimum" and the wider application of state regulation of wages by contract. But it must be clearly understood that the enactment of even the best laws will not ensure greater prosperity if production does not pick up and the state budget is not replenished with revenues. This also applies to raising the minimum wage, pensions, and stipends.

However, starting from now, the government will do everything in its power to prevent any further drop in the people's

standard of living. Taking into account the numerous appeals from the trade unions, many enterprises, and whole sectors of the economy, I signed a decree on increasing the role of wages as an incentive in the production sectors. This decree doubles the coefficients of the correlation between wages and the minimum wage within the limits of the existing consumption fund. I know that the trade unions are urging that this coefficient be raised. I believe that we need to find a compromise on this issue.

Labor safety and ensuring trade unions a supervisory role. It is true that haste on the part of the state structures to limit the role of the trade unions in the management and supervision of labor safety has had a negative effect on the state of affairs. Working conditions and labor safety have worsened at enterprises in many sectors of the economy, and the accident rate and the number of job-related illnesses have risen. As a result, we agreed at the meeting with the Federation leadership that we would retain the trade unions' staffs of technical inspectors and continue to finance them this year. But, as you surely agree, trade union supervision and participation in job safety issues should not be confined to this alone.

According to what I have been told, the Law "On Job Safety" charges the trade unions with more than 10 functions in this sphere. The conscientious performance of these functions and effective worker control and insistence that managements ensure safe working conditions will serve as a reliable means of preventing injuries and accidents, the number of which, unfortunately, has recently climbed sharply.

Trade union participation in managing social insurance. I know that there are various views and attitudes with respect to this matter in this Federation as well as in other trade union associations. At present, everyone interprets the existing laws in this field in his own way and acts in accordance with his own interpretation: some submit proposals to the government on improving the system of administering the Social Insurance Fund, some collect contributions at enterprises where there are members of their trade unions on their own in some fashion, and some claim a portion of the total Fund. As a result, not all the money is accumulated in the Fund, which can result in a deficit.

We need to resolve this matter. I ask the Trade Union Federation to continue cooperating in this matter and to work out a system for administering the Fund, create the necessary legal base, and prepare the necessary drafts of government decisions needed to regulate other matters connected with this issue.

Right now we must do everything we can to ensure that this insurance is used to provide a social safety net in the best way possible. This means paying out the full amount of hospital and material assistance and ensuring at least the minimum level of treatment for children and, first and foremost, workers employed in hazardous industries.

On guaranteeing housing for citizens and protecting cultural and consumer facilities. The conception of a new housing policy, based on the market nature of economic relations, is to be considered by the government. The Federation's

position on this issue is known to us and will definitely be taken into account in our discussion of this matter.

We agree that there must be social justice for people who have been waiting their turn a long time for housing—these people must either be given housing or assistance in construction.

The main thing is to restore the volumes of housing construction funded by all sources of financing. Using a system of preferential terms, various types of credit, including mortgages, the builders themselves must be offered greater incentives to solve the housing problem. Given today's high prices and low solvency, it is understandable that most citizens are not able to build a house or buy an apartment on their own. The state, enterprises, trade unions, and citizens need to join together to find ways to solve these problems.

As regards the cultural and consumer facilities that are listed on the books of enterprises, we must do everything possible to prevent them from being liquidated or put to other uses, because this will result in an even greater shortage of consumer and cultural services available to the public.

There are several possible solutions. The first is to adopt decisions at the state level that would create normal conditions in which these facilities could function and not cause financial losses to the enterprises that operate them. The second is to transfer these facilities into communal ownership and finance them from the budget. Both options are currently being work on, but we would like to know the view of the trade unions regarding this matter.

There is also a third alternative—to hand over the cultural and consumer facilities to the labor collectives when enterprises are privatized. But under the law, these collectives would have to buy up at least 50 percent of the production capital. In my view, this percentage is too high in the case of large enterprises. For this reason, the Trade Union Federation's recommendation that the portion of property that the labor collective must buy out during privatization in order to take over ownership of the enterprise's consumer and cultural facilities free of charge merits attention and will be studied by the government.

The same applies to the trade unions' recommendation regarding their participation and representation of the interests of the labor collectives in the working commissions on privatization and corporation. I believe that the State Property Fund will support us in this, because it is primarily interested in there being public supervision over ensuring legality and justice in privatization. Instructions will also be given to ministries and departments and the personnel of the Cabinet of Ministers on other issues you have raised.

The government will not be able to conduct profound and difficult economic reforms if it does not have the support of the general public, if we do not create a climate of trust and understanding of the need for taking what will be extraordinary actions.

After all, the crisis is not over; it is becoming worse, and decisive steps need to be taken to overcome it. We recognize that at the same time there has to be full accountability to the people for the social consequences of economic change.

The government is prepared to assume this responsibility. But it must have full authority. At the same time, it is necessary to create an effective chain of command and to restore management of the economy. Unless executive discipline is sharply increased and all administrative elements pursue the same goals—halting production decline and overcoming the payments crisis—conducting economic reforms will be a problem. We are counting on the Supreme Council to support the government's proposals regarding these issues and to adopt the necessary decisions as soon as possible.

Let me say frankly that the government is relying heavily on the trade unions as the most representative and influential organizations of workers to ensure social order during the process of introducing economic changes. This entails no illusions or desire to subordinate the trade unions in any way. I am familiar with the charter and program of the Federation of Trade Unions and know that you are free and independent. In your program you profess both social partnership and that you will oppose the governing structures if the rights and interests of workers are violated.

I am personally in favor of the government and trade unions working together on the basis of constructive cooperation and a civilized social partnership and that they be open and honest in their dealings with each other, united in their understanding of their responsibility for building up an independent Ukrainian state. That is why the government has responded quickly to the proposal of the trade unions, and together we will put back in force the General Wage Agreement of 1993 until a new agreement is concluded. We will afford the representatives of the Federation the opportunity to take part in drafting economic and social programs, in discussing the drafts of decisions at meetings of the Cabinet of Ministers and in the working commissions.

I can assure you that the government will support the recommendations of the trade unions aimed at strengthening the state's economic potential, developing and improving production effectiveness, and creating more decent living conditions on this basis.

Of course, it is also possible for us to hold different views on certain issues. And this is normal, because it is always possible to find a way to bring these views closer together, to reach understanding in the name of a common cause, for the sake of social accord and peace. The experience of other countries who have overcome deep economic crises through the united efforts of the government, trade unions, and businessmen, serves us as a model in this respect.

I am certain that under these conditions Ukraine's workers and all her citizens will see the tangible results of our joint efforts fairly soon. Because we share the same goal—an independent, democratic, law-based, economically strong Ukraine.

ARMENIA

Procuracy Seeks Evidence on Officials

944K1865A Yerevan RESPUBLIKA ARMENIA in Russian
23 Jul 94 p 1

[Text of the Armenian Procuracy's statement: "Criminal Proceedings Initiated"]

[Text] On 12 July 1994, the Republic of Armenia [RA] procuracy issued a statement, in which, giving due respect to the citizens' constitutional freedom of speech, suggested that the authors of statements accusing official and nonofficial persons in the press and at rallies of violations of law and grave crimes submit proof of the facts known to them to the RA procuracy.

In connection with the denial to register V. Avakyan—a deputy to the former chief national security adviser of the RA president, who currently is in detention in the GUNB [State Directorate for National Security] investigative detention facility—as a candidate for deputy to the RA Supreme Council from the electoral district No. 40, A. Manucharyan since the beginning of July contended in the press, and later at rallies, that the denial of registration to V. Avakyan is a political order and this order had been carried out by RA president's bodyguards. According to A. Manucharyan, they actively participated in the electoral commission's meeting on 1 July, where they asked electoral commission members and authorized representatives of other candidates, one at a time, to step outside, engaged in lengthy conversations with them and subjected them to blackmail, as a result of which Vaan Avakyan's candidacy was not registered. According to A. Manucharyan's statements, methods impermissible in the investigation are applied to the person held in the GUNB investigation detention facility, through which he is compelled to give testimony: "Acting GUNB chief David Shakhnazaryan, another colleague of Vano Siradegyan, gives V. Avakyan pharmaceutical substances in order to suppress his willpower."

At a rally that took place on 15 July 1994 at the Freedom Square, A. Manucharyan accused RA President Levon Ter-Petrosyan, RA Supreme Council Chairman B. Araktsyan, and Minister of Internal Affairs V. Siradegyan of committing grave crimes; in particular, he said: "Levon is a murderer. At Levon's order, Vano's thugs shot at procurator Grigoryan, Kandilyan, Yuzbashyan, and a number of other people."

The RA procuracy has initiated criminal proceedings and is conducting investigations into the murder of Kandilyan, Yuzbashyan, and others, as well as an assassination attempt on the chief of the RA procuracy's investigative department V. Grigoryan. The RA procuracy will be grateful to everyone who will assist it in the task of identifying the perpetrators and bringing criminal charges against them.

On 18 and 19 July 1994, Ashot Garnikovich Manucharyan was invited to the RA procuracy; he was asked to provide explanations and present proof regarding the statements made by him. A. Manucharyan refused to testify and provide the proof, stating at the same time that he will not put his signature under any document presented to him by the RA procuracy.

In its statement issued on 17 July 1994, the RA procuracy at the same time warned that criminal charges will be brought against authors of statements containing frankly false accusations and slander. On 20 July 1994 the RA procuracy brought criminal charges against A. Manucharyan under Article 131 of RA Criminal Code; a special investigator under the RA procurator general was put in charge of the investigation.

Bank Chairman Predicts Fall in Dram

944K1865B Yerevan RESPUBLIKA ARMENIYA
in Russian 23 Jul 94 p 1

[Report by Ashot Aramyan under the rubric "Do Not Panic!": "No News Is the Best News"]

[Text] Since Thursday, the dram stopped its slide upwards in the "currency table of ranks" and began to slide backwards in relation to "harder" currencies. As of yesterday, one U.S. dollar cost 300-320 drams in Yerevan, and R1,000—140-150 drams. In parallel, prices for some goods went up: For instance, a 20-liter canister of gasoline no longer costs 3,000-3,200 drams as it did just a few days ago, but 3,600-4,000 drams; and a kilogram of sugar—a "whole" 250 drams instead of 180-190 drams.

RA [Republic of Armenia] Central Bank Chairman Bagrat Asatryan (whose interview will be published in one of the next issues of RESPUBLIKA ARMENIYA) said in a conversation with an RESPUBLIKA ARMENIYA correspondent literally on the eve of the change in the situation in the currency market, that the dram's exchange rate will start falling soon, but gradually, without leaps...

At this point it is not clear, however, whether the fall of the dram is caused by real reasons (an answer to which should be provided by EFB [Yerevan Stock Exchange] trading) or it all stems from an artificial agitation in the "black" foreign currency market, which can happen in the short period between two EFB auctions. If the trading registers a rise in the dollar exchange rate in relation to dram, this will mean that inflation is again under way in the republic. If the dollar rate does not change significantly, however, then we are dealing with a short-term panic in the "black" foreign currency market.

Postscriptum. Yesterday's EFB trading showed that we are dealing with a temporary speculative jump of the exchange rate in the "black" foreign currency market. B. Asatryan went yesterday to monitor the situation in the exchange facilities, and the EFB president told RESPUBLIKA ARMENIYA correspondent after the trading that "at a stock exchange, no news is the best news."

ESTONIA

Police Official Discusses Crime Problem

944K1802A Frankfurt/Main FRANKFURTER
RUNDSCHAU in German 7 Jul 94 p 28

[Article by Hannes Gamillscheg: "Criminality in Estonia—The Street Scene More Dangerous Than New York"]

[Text] Tallinn—The little country of Estonia ranks first in at least one international statistic but has no reason to be proud. Last year, 328 murders were committed in the Baltic republic, almost twice as many as in New York when adjusted to the size of the population.

Priit Kelder, chief of the international department of the Estonian police, compares his country with its Swedish neighbor: "There, with a population of 8 million, roughly 100 murders occur annually; here, with a population of 1.5 million, there are three times as many." The number of robberies, attempted assassinations, and rapes also has risen drastically. Last year, 55 bombings took place; none was cleared up. Estonia's president, Lennart Meri, warned publicly of the threat that "next to the official center of power, an illegal center" may develop and that Estonia's reputation was at stake if it became known as a "route for smugglers" and a playground for criminals.

However, the small country with its Baltic harbor of Tallinn and its huge Russian hinterland is a natural transshipment point for illegal goods and services of all kinds. Millions of dollars can be earned with the illicit export of heavy metals. Russia represents an insatiable market for cars stolen in the West. And prostitution and extortion of "protection payments" have become attendant manifestations of Estonia's new market economy.

"Six or seven organized groups from Russia, Chechenya, and Riga are trying to divide the Estonian territory," admits Priit Kelder, and feuding Mafia gangs have caused many deaths. In combating crime, the police are hopelessly disadvantaged. The three-year-old Estonian police force comprises only 6,500 men. "It consists mostly of inexperienced young men who receive little pay," says Kelder. "Every year we lose a thousand, since their government pay is no longer enough to maintain their families."

Kelder could recite the old saying that nothing costs the state more than a cheap policeman. The public coffers are empty and there is no chance for higher wages. Thus, a rookie policeman in a month earns less than 1,000 kroons, just 120 German marks when converted. Such pay is clearly below the average wage which itself is barely enough to pay for essentials. Since crime has become such a serious problem, private security forces that offer better protection to the newly rich emerge everywhere. "If our people join them, they can immediately triple their income," says Priit Kelder. He does not even want to discuss the temptations to which the underpaid guardians of the law are exposed through their opposite numbers. A Mafioso will spend a policeman's salary for lunch.

The number of applicants to the police academy keeps dropping and the government has to violate its own laws to fill the ranks. As of 1 February, all policemen must be Estonian citizens. However, to qualify for citizenship one

must speak the language and since many ethnic Russians do not meet this requirement, several hundred noncitizens are still in the police force. The alternative would be worse. It would mean that the border town of Narva, in which 95 percent of the residents speak Russian, would not have any police officers.

But the dearth of policemen is not all that handicaps the hunt for criminals. Priit Kelder also complains about insufficient legal protection for victims and witnesses. "We know about crimes, we know who is responsible, but can do nothing because witnesses refuse to testify for fear of reprisals," says the chief of police. He would like to have the same law Lithuania introduced in its fight against organized crime. Kelder said: "There, the police can hold suspects for two months. We have to present proof within two days or release them. Then they leave and joke about us." And if the gangsters were tried, added the chief of police, the judges would be deliberately lenient because prisons are so overcrowded.

By Western standards, however, Estonian sentences are harsh and conditions in the prisons inhumane. This does not bother an Estonian policeman. "If there is no money for honest retirees to afford a halfway decent life, why should we spend money for criminals?" Kelder asks whether the father of a murdered child should pay with his taxes for luxuries for the murderer. Even young people who break the law cannot expect leniency. "They learn much that is bad in prison," Kelder admits, "but not to imprison them would be worse. After all, nobody forced them to become criminals."

LATVIA

Ulmanis on Background, Major Issues

944K1832A Moscow ARGUMENTY I FAKTY in Russian
No 29, Jul 94 pp 1, 6-7

[Interview with Guntis Ulmanis, president of Latvia, by Dmitriy Makarov, ARGUMENTY I FAKTY correspondent, under the rubric "Topical Interview"; place and date not given: "The President of Latvia Is an Avid Long-Distance Runner"]

[Text]

[Makarov] Mr. President, in your childhood you were banished to Krasnoyarsk Kray. What effect did that have on you?

[Ulmanis] They say that what you receive in childhood stays with you throughout your life. It seems to me that it was thanks to those five years of exile that I began to understand more precisely the Russian character and Russians themselves. When I returned from Russia I even had difficulty speaking Lettish. Have you seen the film "A Long Road in the Dunes"? Well, the plot of that film is to some degree like my own destiny. They sent me and my grandmother to a Siberian village where there were no Latvians but us. But, thank God, we happened upon an old man and woman who fed us and did not let the Cheka [VChK—All-Russian Extraordinary Commission for Combating Counterrevolution and Sabotage] know. This was a world of peasants, and your peasants, just like ours in

Latvia, are the grass roots of the nation. And when I returned to the homeland, part of Russia remained inside me. It is perhaps since that time that I have understood better than anyone the person who has been discriminated against, whether he be Russian, Jew, or Lett.

[Makarov] But the editors of ARGUMENTY I FAKTY receive many letters containing complaints that in Latvia there are very large obstacles to Russians and other nationalities.

[Ulmanis] I cannot automatically grant citizenship to all 800,000 when the population of Latvia is 1.7 million. There is no precedent for that in the world.

To be sure, the Australian foreign minister has told me that in his country they grant citizenship to everyone who survives the voyage and ties up to the Australian shore. They grant a residence permit to other people who have come "normally," and in two years—citizenship. But that is Australia, half of their land is empty.

Unfortunately, the Letts have not been spoiled by history. They have been under the domination of the Swedes, the Germans, and the Russians. This has had a powerful effect on our psychology. In the end, we would like to live to ourselves. I cannot fail to take into account this attitude on the part of the Letts.

For that reason, given our realities, I am an advocate of gradual integration of that portion of the non-Letts who want to remain. The other part will leave on their own, at their own desire. I emphasize that they will leave voluntarily, without any sort of violence. At the same time, we must find a mechanism of integration for those who want to integrate. In order to be a citizen of Latvia you have to know the Lettish language and history; to swear loyalty to this country. At present, we have absolutely no idea how many of those 800,000 actually want to become citizens.

That is why we are afraid, and people can understand us, because we are threatened with the danger of being overwhelmed by those who do not give a damn about Latvia at all. The psychological factor, which perhaps will disappear in time, has very great importance here. The Letts cannot be forced to forget the Soviet occupation, just as the Jews, for example, cannot be forced to forget what the Germans did to them during the war. They will not forget that for another million years, nor are we going to forget soon.

[Makarov] Your government has just resigned because of disagreements in the ruling coalition over the question of agriculture. Do you have a plan for getting out of the crisis?

[Ulmanis] There are various alternatives. But, of course, we are receiving recommendations from various European and world organizations. When we received the first consultation, we were enthusiastic about all these good, good people working for us, it was remarkable. But it very soon turned out that that was not the case, that they were all working just for us. They work everywhere mainly for themselves. It also turned out that the republics of the former Union had very difficult problems in agriculture. Only the scale is different. Our main problem is that we are able to produce agricultural products, but are unable to sell them. This was done for us by others. Now no one is

interested in how we produce them, but the market dictates the terms of sale to us. On the market you have to learn to elbow your way through.

[Makarov] Why exactly do you devote so much attention to the peasants; after all, there are just as many problems in the cities?

[Ulmanis] Once the Russian forces leave Latvia (when World War II is finally put behind us), the question of agriculture will as a matter of fact become the most important one. And not only from the economic standpoint. Up to now the peasantry has been the foundation of the Lettish nation. Only 20 percent of Letts live in the city, 80 percent in rural localities. In the years of Soviet power serious disproportions arose in the republic's demography: One million of the two and a half million inhabitants live in Riga. A very small portion of the peasantry can feed the city population, but what is to be done with the rest? Should the government use economic levers to "drive" them from rural areas to the cities, or is it better to leave them where they are? This is in fact the main question for Latvia today.

[Makarov] Aside from the peasantry, what other population groups provide support for your incumbency?

[Ulmanis] The intelligentsia—cultural figures, physicians, teachers—are very important to me. Two new strata are being built from scratch, we will simply call them the rich and the not-rich. Today, we have a shortage of the middle stratum, which as a rule is the most flexible and most sober in its thinking.

[Makarov] One gets the impression that you feel like you are president only of the Letts.

[Ulmanis] No, that is not the case. I am the president of all the inhabitants of Latvia, regardless of whether they have Latvian citizenship or not. I refused to sign the law on citizenship after I analyzed the attitudes in all the strata of society and learned that it could not result in anything good. I cannot dictate to parliament what kind of law we need, but I know precisely it is not the kind that they adopted.

The same thing concerning the treaties with Russia. There may be as many demonstrations in opposition as they like, but if I see that these treaties will be important to Latvia over the next 50-100 years, then I will sign them, even if 100,000 people take to the street as a sign of protest. To be sure, we will have to close all the doors so they do not demolish this building.

[Makarov] You speak of shaping a middle class. But that class, the class of businessmen, already exists in your country. To be sure, from what they say, it consists 80-90 percent of Russians....

[Ulmanis] I do not put much stock in those figures. You know, I have been unable to obtain two figures: on the number of noncitizens and on the ethnic breakdown of people working in business. But you are right, the non-Letts do tend to be more concerned with business. They are not only Russians, but we also have Belarusians, Poles, and Jews. They go into business far more easily than Letts. This probably also depends on peculiarities in the national

character. Throughout their entire history the Letts have been accustomed to working with their own hands. They are trained in that from childhood. After all, our folklore and religion are built on what we made with our hands—they are your gold and your wealth. While we have been concerned with the problem of achieving national independence, while we have rejoiced that we have obtained freedom, others have been making money. Incidentally, there is nothing bad about that, that is how it has been in all revolutions. But now that we have entered the period of stabilization, the period of construction of a civil society, we need to think more about how to help the Letts get into the middle class as well.

[Makarov] What, in your opinion, do those 800,000 Rus-sophones represent, when, although they are inhabitants of Latvia, they do not have its citizenship?

[Ulmanis] They can be divided into three categories. Most of them were brought here forcibly, although the coercion might have been soft and sly. The second group is made up of those who came here out of trust in the disastrous communist ideology, and the third are various fortune hunters whose presence has not been improving the moral climate in the country. For me, the Russian nation is not limited to those Russians who live in Latvia. The best traits of that nation are for me associated with those Russians who are living in Russia. No one can reproach me here because an iron logic is concealed behind this. Even when a Lett leaves to seek his fortune in another country, I also have a prejudice against that person. To some degree I do not trust him.

[Makarov] That is, you mean that emigrants leaving in search of a better lot are all but criminals? After all, the Letts emigrated from the country both in 1905 and again in 1917, and later.

[Ulmanis] Many Letts were simply forced to leave. In 1917 some of them were deceived by Lenin's promise when he said that if the Red Lettish riflemen helped him take power, Latvia would be free.... The emigre community is in fact the result of profound processes. But however that may be there, in Latvia at present there are 800,000 noncitizens of this country. And now the question arises: How is their fate to be decided?

I think that Russia can help the Russians in two ways: First, invite them to come back home. For those who cannot return, Russia should join Latvia in helping them to settle here.

But if Russia is going to say that the Russians must all stay because supposedly this is their sacred duty, that they are Russia's point of support in the Baltics....

[Makarov] ...And have there been such appeals?

[Ulmanis] Openly, no, but Russia's entire policy compels one to think that they are interested in keeping a maximum number of "their own people" in Latvia. What is more, when I meet Russian politicians, they say: "Excuse me, Mr. President, but we have far bigger problems with the Russians in Central Asia, in the Transcaucasus. Blood is being shed there, Russians are having to flee from there whether they like it or not, with or without their belongings. These are millions of people, what are we going to do

with them? But life is normal in your country. For God's sake, let our people stay here." But I am not interested in what is happening in Central Asia.... And also I am not convinced that the Russian politicians actually put man in the first place, not some kind of far-reaching plan in which the Russians have the role of pawns.

I look upon the Russians living in Latvia as normal and honest people who have in their way been unlucky. No one is waiting for them there in Russia, nor are they wanted here. And my problem is to keep the Russian from becoming an animal driven out from everywhere.

[Makarov] But still, just imagine that it is the year 2000, how many non-Letts, do you think, will obtain citizenship by that time?

[Ulmanis] That depends on those who want to become citizens. The first years will pass—1996-97—some portions of the Russians will already have become citizens. There will be a new election, and after that new political decisions will be adopted. The new citizens will call themselves patriots of this land, which is how it should be. Then the psychological climate will immediately change in relations between the communities. After all, we want to adopt a law on citizenship once and for all. For the next 100 years. Today we have to start that job, and perhaps in 10 years we will recall with a smile how we began.... But we have to remember that a terrible demographic situation has taken shape in our country. In 100 years the Letts may disappear from the face of the earth altogether, but one does not want to even think about that.

[Makarov] In that case, the presence of other nationalities in Latvia is all the more important. If a woman gives birth to a child and the father is of another nationality or even another race, the biological need for new blood is evident in her. And if the Lettish nation is actually dying out, as you say, then you might be said to have an obligation to halt this process.

[Ulmanis] This must be a self-regulating process that is not subject to any laws. It is dangerous here even to argue out loud. There are always two ways of thinking: What I say out loud, I think, and what I think, I will never say out loud. It seems to me that this question of yours belongs in the latter type.

[Makarov] What do you personally consider your main achievements during the year that you have been president?

[Ulmanis] Let us meet in a few years and talk about achievements. I do not consider myself a sprinter, but a marathoner. We have just begun our race, in some places the running shoes pinch, and we still do not have our second wind. Although I have already committed myself in some respects, it would be more than naive to judge a presidency by one year. However profound our present political crisis, I do not intend to leave this post, nor to become panicky....

[Makarov] Nor, surely, to fire shots in the parliament?

[Ulmanis] Absolutely not! I recall that exactly a day before that tragedy I was talking with Mr. Yeltsin, and after the conversation I was convinced that there would be no shots

fired in Moscow, because he said at the time: "Blood and violent methods are alien to me." But, unfortunately, matters took a different turn.... I think that we will have to heal these wounds for a long time yet.

[Makarov] Do you trust Yeltsin less since that incident?

[Ulmanis] You know, he is the president of such a large state that it is hard for me to decide whether he is to blame for that. Russian society, Russian traditions and mores I think are to blame here....

That was a difficult period in Russian history, and I can only hope that it never happens again, because it is simply dangerous for us as well. After all, we are your neighbors, and one sharp jab of the elbow from you could give us a serious injury. And, of course, we are placing great hopes on your democratic transformations.

LITHUANIA

Lithuania's Armed Forces Profiled

944F1060A Moscow NEZAVISIMAYA GAZETA
in Russian 16 Jul 94 p 2

[Article by Nikolay Plotnikov, NEZAVISIMAYA GAZETA military correspondent, under the heading "Details": "The Armed Forces of the Republic of Lithuania: NG Continues Introducing Armies in the Former Republics of the USSR to Its Readers"]

[Text] Components: infantry, air force and naval forces. The core of the infantry consists of the Gelezinis Vilkas [Iron Wolf] Brigade, which is comprised of eight battalions with a total force of approximately 6,000. There are plans

to create several more battalions of this type. Their structure is based on the principles of rapid deployment: relatively light weaponry, effective means of transporting units to any region, mobility and a high level of training. The air force has four L-39 aircraft manufactured in former Czechoslovakia, one transport plane contributed by the FRG, An-2 aircraft and helicopters. The navy has two frigates and two torpedo boats acquired from Russia's Baltic Fleet, as well as several support vessels. The president of the republic is commander-in-chief of Lithuania's armed forces. All the most important defense-related issues are reviewed and coordinated by the State Defense Council. Leadership: the minister of national defense, Linas Linkevicius, born 1961, by training an electrical engineer. Commander of the Lithuanian Army, Gen Jonas Andriskevicius, born 1944. Andriskevicius is a 1967 graduate of the Leningrad Higher General Military Command School and a 1976 graduate of the Military Academy imeni M. V. Frunze. He served in various posts in the Soviet Army. Air force commander is Col Zenonas Vegelevicius. In command of the navy is Commander Raimondas Baltuska. The duties of chief of the General Staff are performed by Col Gintaras Tamulaitis, a candidate of military sciences who trained at the Military Academy imeni M. V. Frunze. Officer training is conducted at a school operated by the Ministry of National Defense and in a number of Western European countries. By decision of the Council of Baltic Heads of State a battalion of peacekeeping forces called the "Baltbat" is now being created and will be stationed in Alitus. The battalion will be comprised of one company from the army of each Baltic state. In the near future there are plans to send one platoon from the Lithuanian company to Bosnia for training on observer status alongside Danish peacekeeping forces.

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